

# The Carnegie Corporation of New York



*Report of the Acting President*

New York  
1922









Digitized by the Internet Archive  
in 2018 with funding from  
Columbia University Libraries

<https://archive.org/details/reportofactingpr00carn>



BUILDING NOW BEING ERECTED AT WASHINGTON FOR THE USE OF THE NATIONAL ACADEMY OF SCIENCES AND THE NATIONAL RESEARCH COUNCIL  
AS SEEN FROM THE LINCOLN MEMORIAL

THE CARNEGIE CORPORATION OF NEW YORK

REPORT OF THE ACTING PRESIDENT

FOR THE YEAR ENDED SEPTEMBER 30, 1922

NEW YORK CITY  
522 FIFTH AVENUE  
1922

D. B. UPDIKE • THE MERRYMOUNT PRESS • BOSTON



## OFFICERS OF ADMINISTRATION

ELIHU ROOT	<i>Chairman of the Board</i>
ROBERT A. FRANKS	<i>Vice-Chairman and Treasurer</i>
HENRY S. PRITCHETT	<i>Acting President</i>
JAMES BERTRAM	<i>Secretary</i>
WILLIAM S. LEARNED	<i>Assistant to the President</i>

## TRUSTEES

JAMES BERTRAM	JOHN C. MERRIAM
LOUISE M. CARNEGIE	JOHN A. POYNTON
SAMUEL HARDEN CHURCH	HENRY S. PRITCHETT
ROBERT A. FRANKS	ELIHU ROOT
WILLIAM J. HOLLAND	



# CONTENTS

## PART I

### BUSINESS OF THE CURRENT YEAR

	PAGE
General Statement of Income and Expenditure	3
Purpose and Scope of the Corporation	4
Activities of the Corporation	8
A Science of Giving	13
Grants voted by the Trustees during the Current Year	20
Expenditures during the Year ended September 30, 1922	23
Expenses of Administration	23
Payments to Beneficiaries	24
Grants voted by the Trustees previous to October 1, 1921, on which no Payment has yet been made	30
Description of certain Projects	31
The Establishment of an Institute of Economics	31
The Food Research Institute	38
The National Research Council	41
The National Board of Medical Examiners	48
The Potter Metabolic Laboratory and Clinic	51
Investigation into the Fundamentals of Unemployment	56
A Permanent Organization for the Improvement of the Law	57
The American School of Classical Studies at Athens	58
The Teachers Insurance and Annuity Association	63

## PART II

Summary of Expenditures by the Carnegie Corporation from its Inception in 1911 to the Close of the Fiscal Year ended September 30, 1922	69
---	----

Organization and Administration of the Trust	69
Grants to Institutions founded by Mr. Carnegie	74
Classified Summary of Expenditures	74
Classified Analysis of Expenditures by Years (Insert)	76
APPENDIX	77

PART I  
BUSINESS OF THE CURRENT YEAR



# CARNEGIE CORPORATION OF NEW YORK

## PART I

### REPORT OF THE ACTING PRESIDENT

FOR THE YEAR ENDED SEPTEMBER 30, 1922

**T**HERE is presented herewith, in accordance with the direction of the trustees of the Corporation, a report of the proceedings of the Corporation for the year ended September 30, 1922, setting forth the appropriations and grants made during that year, the fields of activity into which the Corporation undertook to enter, and the more important matters of business discussed by the trustees.

Mr. James R. Angell resigned the presidency of the Corporation to become president of Yale University. Since his resignation was to take effect on October 1, 1921, at the meeting of the trustees held on September 30, 1921, Mr. Henry S. Pritchett, president of the Carnegie Foundation, was elected acting president of the Corporation, to serve until such time as a successor to Mr. Angell should be elected. A permanent successor to President Angell has not yet been appointed. This report is, therefore, prepared and submitted by the acting president.

On February 1, 1922, Mr. Beardsley Ruml, assistant to President Angell, resigned to accept service elsewhere. Mr. William S. Learned of the Carnegie Foundation consented to act as assistant to the acting president, and has carried out the duties of this position with great satisfaction to the officers of the trust.

The Carnegie Corporation of New York was founded by Mr. Carnegie in 1911 and incorporated under the laws of the State of New York. For the first eight years of the Corporation's history, and until the time of his death, Mr. Carnegie himself remained the president of the board, and the conduct of the Corporation was, in these years, under his personal di-

rection and authority. Shortly after his death, the by-laws were so amended as to provide a chairman and vice-chairman of the board and, in addition, a president who should give his whole time to the service of the board, and should be its chief executive officer. Mr. Angell became the first president, and his service lasted from July 1, 1920, until October 1, 1921. The report which follows, and which refers specifically to the operations of the fiscal year, 1921-22, includes for the purpose of completeness a summary of all preceding grants of the Corporation since its inception.

At the beginning of the fiscal year, October 1, 1921, the assets of the Corporation amounted in par value of securities to \$131,819,143.18. Of this sum, \$125,513,637.06 constitutes the present par value of the original endowment, which includes \$100,000,000 of the underlying five per cent bonds of the United States Steel Corporation. The remaining \$6,305,506.12 in hand at the beginning of the year consisted of \$1,390,188.61 in the reserve fund and \$4,915,317.51 accumulated out of income. These assets of the Corporation will be increased, upon the settlement of Mr. Carnegie's estate, by the addition of approximately \$10,000,000.

The income of the Corporation from all sources during the current year has amounted to \$6,466,516.26. The disposition of this income by the trustees is set forth in subsequent pages.

#### THE PURPOSE AND SCOPE OF THE CARNEGIE CORPORATION

THE past two decades have witnessed in the United States the establishment of an extraordinary number of endowed foundations. These have included, not only grants for colleges, universities, and institutions of research, but a considerable number of agencies, generously endowed, whose purposes are far more general, and whose trustees have, under their deeds of gift or under



the charters which they have obtained, the authority to engage in almost any form of educational or philanthropic endeavor their judgment may commend. In the city of New York alone, the following foundations have been created within this period with a combined endowment of approximately \$525,000,000: Burke Foundation, 1902; General Education Board, 1902; Milbank Memorial Fund, 1905; Carnegie Foundation, 1906; Russell Sage Foundation, 1907; New York Foundation, 1909; Carnegie Corporation of New York, 1911; Phelps Stokes Fund, 1911; Altman Foundation, 1913; Rockefeller Foundation, 1913; Brez Foundation, 1917; Commonwealth Fund, 1918; Juilliard Musical Foundation, 1920; Laura Spelman Rockefeller Memorial, 1920; Harmon Foundation, 1921; Heckscher Foundation, 1921.

Some of these foundations are restricted to a designated field. For example, the General Education Board expends its funds and carries on its operations with respect solely to problems of education in the United States, and the Carnegie Foundation for the Advancement of Teaching is similarly restricted to the United States and the Dominion of Canada. The Juilliard Musical Foundation is devoted to the promotion of music in the United States. The Rockefeller Foundation not only aids other agencies, such as universities, hospitals, and medical schools, in any part of the world in which its trustees may choose to work, but it also carries on operations itself, such as the study and treatment on a wide scale of hookworm, of yellow fever, and of malaria. It is thus an operating corporation making extensive investigations of its own, and at the same time a philanthropic agency aiding other causes and institutions to do their work.

Before creating the Carnegie Corporation, Mr. Carnegie had founded five other institutions which were intended to serve designated fields. The first was the Carnegie Institute of Pittsburgh, which conducts an institute of technology, a museum of fine arts, a museum of natural history, and a public library includ-

ing a library school. This great gift was primarily one to the people of the city in which his business life had been mainly spent. Following this gift, Mr. Carnegie established the Carnegie Institution of Washington, devoted to scientific research; the Carnegie Foundation for the Advancement of Teaching, devoted to education; the Carnegie Hero Fund, whose object was to minister to the development of a true spirit of heroism; and the Carnegie Endowment for International Peace, to serve the purpose indicated by its name. All these agencies were provided with generous endowments, but their work was confined to the specified fields which Mr. Carnegie had designated.

When, in the latter part of his life, Mr. Carnegie gave the bulk of his remaining fortune to the public by the establishment of the Carnegie Corporation, he had in mind a well-defined object. His intention, as clearly expressed in his deed of gift, was that this foundation should, in reasonable measure, support and develop the existing institutions he had already created; but the greater purpose that he had in view was to provide an endowment for all time, whose income should always be liquid, and should thus be available for generation after generation to be applied to the causes which each generation of trustees might find most significant. In the charter that he gave to the Corporation, this purpose was indicated in the following language. The Carnegie Corporation of New York is established "for the purpose of receiving and maintaining a fund or funds and applying the income thereof to promote the advancement and diffusion of knowledge and understanding among the people of the United States, by aiding technical schools, institutions of higher learning, libraries, scientific research, hero funds, useful publications, and by such other agencies and means as shall from time to time be found appropriate therefor."

By subsequent amendment of this charter, the Carnegie Corporation of New York was empowered to hold and administer any funds given to it for use in Canada or the British Colonies

for the same purposes as those to which it is by law authorized to apply its funds in the United States. The sum of \$10,000,000 was placed in the hands of the Corporation to be devoted to the purposes of the trust in the Dominion of Canada and the British Colonies.

While the charter of the Corporation, therefore, affords a liberal choice of methods by which it may proceed, the policy pursued from the outset by its founder, and later consistently adhered to by its trustees, has followed a definite principle. According to this principle the foundation has conceived its function to be not that of an operating agency in itself, but rather that of an agency charged with the duty of studying and estimating those forces and institutions that make for the advancement and diffusion of knowledge in English-speaking North America, and of aiding these institutions in such measure as may be possible within the income of the Corporation, having care always to the fact that the income of this foundation is to be a liquid asset for each generation. Thus, if the trustees of to-day use the funds for mediocre or for unfruitful purposes, even with the best intentions, the trustees of the next generation shall have in their hands the same power for usefulness that belonged to their predecessors.

It goes without saying that such an agency cannot always accomplish its purposes merely by appropriating year by year from its current income. In order to deal with great and important causes, it is necessary to use a budget period somewhat longer than a single year, but in general the Corporation restricts itself, in the support even of the largest enterprises, to a limited budget period, and by a resolution recently adopted, has determined that expenditures should not usually be based upon an income extending over a period of more than five years.

The nature of the obligation that confronts the Corporation is educational, using that term in the widest sense, for the advancement and diffusion of knowledge and understanding is



education. But the method that the founder emphasized is not that of the establishment and support of agencies operated under the direction of the trustees, but rather the intelligent and discriminating assistance of such causes and forces in the social order as seem to promise effective service and the creation of new agencies which shall, however, be independent of the originating body. It is this difficult and critical task which is laid upon the trustees of the Carnegie Corporation. In order to carry it out, it is necessary to examine with unremitting care the work of institutional agencies and of individuals who, in their own way and in the light of their own thinking, are seeking to serve the cause of the widest and best education, whether that education be in learning, in research, in patriotism, in philanthropy, or in any other direction that ministers to the advancement of civilization. It is the difficult duty of the Corporation to select with discrimination from the many well-intentioned efforts, those that seem in their judgment most likely to make the greatest contribution to knowledge and understanding among the people of the United States.

### THE ACTIVITIES OF THE CORPORATION

WHILE the Corporation may, under its charter, engage in the most diverse undertakings so long as they have to do with the advancement and diffusion of knowledge in the regions in which its funds must be employed, nevertheless, as a matter of practical procedure, its trustees have devoted the bulk of the income to certain well-defined fields.

The erection of library buildings in many communities in the United States and Canada has constituted one of the chief forms of the Corporation's activity. In this field the founder had made large gifts before the existence of the Corporation, and for a number of years thereafter the policy of assisting communities to secure public libraries was continued. These library buildings

were provided, whether given by Mr. Carnegie or by the Corporation, upon the condition that the community itself should furnish a site, and that it should guarantee an annual support for the library of not less than ten per cent of the cost of the building. Under these conditions there have been erected in the United States and Canada, by Mr. Carnegie and by the Corporation under his direction, 1775 public libraries, at a cost of \$42,990,069.63. These libraries were given to communities ranging from great cities like New York and Cleveland to small towns. In the main, the communities that have accepted these gifts have lived up to their obligations in the matter of support.

During the past three years, the trustees of the Corporation have discontinued the granting of public libraries in the belief that so many of these have been provided, and so many communities have received the impulse for library facilities, that the purpose which Mr. Carnegie had in view has been in large measure accomplished. It is their hope that the library movement has now gained such headway that the continuation of the work by other communities will be effected without aid from the Corporation. The trustees of the Corporation, in their experience, reached the same conclusion as the founder himself as to the value of these agencies of social improvement. There is probably no other gift to a community which, made under proper conditions, does more good and less harm than the gift of a public library.

Next to libraries, the funds of the Corporation have been given to colleges, universities, and technical schools, as being the most evident agencies for the advancement and diffusion of knowledge, and as being distinctly referred to by Mr. Carnegie as examples of the institutions he desired to aid. The trustees have continued, until the present time, the expenditure of a considerable portion of the income of the Corporation in assisting educational institutions to raise endowments or to acquire

buildings or equipment and other facilities for their work. During the past year it has been a matter of some doubt in the minds of the trustees whether this practice could be continued as a general policy. The demands of the colleges of the United States and of Canada are now so large that even the generous income of this Corporation bears but an infinitesimal ratio to the sums for which these institutions are seeking. This fact, coupled with the enormous increase in the cost of education, whether in the public schools or in the colleges, has given the trustees of the Corporation matter for serious thought as to how such part of their funds as may be devoted to the use of educational institutions may serve some distinctive purpose, and not merely add to the sum total of the great volume of expense in which it can bear but an insignificant part.

For a considerable portion of its existence, the Carnegie Corporation has taken a special interest in the promotion of medical education and of training for the medical profession. The important report issued by the Carnegie Foundation in 1910 was one of the factors which has led in the last decade to a thorough reorganization of medical education in the United States and Canada. The basis of medical education in the sciences of chemistry, physics, biology, and the like, has been made perfectly clear. The development of the science of medical practice has likewise been greatly clarified. It has, therefore, been more evident in the field of medical education than in almost any other field of university endeavor that the appropriation of definite sums of money could accomplish important and fruitful results. The Corporation has, for this reason, deemed it wise to devote a considerable proportion of its funds to the promotion of medical education and to the advancement of those special researches in medicine which strengthen the practice itself. A statement of the more important of these grants will be found in subsequent pages.

During the whole of its history, the Corporation has appro-



priated a generous proportion of its income to the aid of agencies engaged in scientific research. This cause was one in which the founder himself was greatly interested. Both he and his trustees had been impressed with the notion that by means of scientific research the opportunity to advance knowledge and understanding was as promising as through any other form of human endeavor. They have, therefore, devoted generous grants to the assistance of institutions under men whose work promised important results in scientific discovery and advance.

In addition to these agencies of public education and training, the Corporation has assisted, throughout its history, a large number of organizations, both of a formal and of an informal character, that had to do with the advancement and diffusion of social and moral knowledge and understanding. During the war it made large gifts to agencies like the Young Men's Christian Association and the Knights of Columbus in the belief that the advancement of social, humanitarian, and patriotic understanding was more important at the moment than any other form of knowledge. In the main, the Corporation has held that its funds were not available for purely philanthropic purposes; and while grants have been made in occasional instances either to organizations or to individuals dealing with philanthropic causes, such grants have been made only for the carrying out of a particular study or piece of research that had to do with the education of the public in social and humane matters. The Corporation, in view of the general directions of the founder, and in view of the advice of counsel, is of the opinion that strictly charitable work lies outside of the purposes for which the funds were given. In the *résumé* which follows this general statement will be found a classification of agencies to which the Corporation has made appropriations.

Apart from organizations already established and which have sought the assistance of the Corporation for the purpose of their development, the trustees have likewise lent their support to

groups of individuals who were originating new agencies to fulfil purposes not as yet met by existing institutions. A striking instance of this activity is found in the grants, covering a period of years, to the Institute of Economics, which will be described later. This is an agency newly created by a group of able and well-known citizens whose effort is, not only to ascertain the economic truths, vital to the settlement of public questions, but to provide for their statement in simple and understandable form suitable for the diffusion of this knowledge among the whole people. Similarly, a new agency was set upon its feet, through the funds of the Carnegie Corporation, in the constitution of the Food Research Institute. This organization, made possible by the extraordinary information brought together by Mr. Hoover as the result of his experience in the feeding of the Belgians and of other European peoples during the war, has taken up the question of food analysis and food distribution in the hope of giving practical information to the country and to the world as to the conservation and distribution of food products.

Aside from these institutions of formal education, of research, and of social endeavor, the Carnegie Corporation has accepted, in accordance with the wishes of the founder, certain responsibilities for the maintenance and support of the institutions which Mr. Carnegie himself founded — the Carnegie Institute of Pittsburgh; the Carnegie Institution of Washington; the Carnegie Foundation for the Advancement of Teaching; the Carnegie Hero Fund Commission; and the Carnegie Endowment for International Peace. With the exception of the Carnegie Hero Fund Commission, all of these intellectual children of Mr. Carnegie have at one time or another applied to the Carnegie Corporation for additional funds, and have received grants from the Corporation. Such grants have been largest in the case of the Carnegie Institute of Pittsburgh and of the Carnegie Foundation. An account of these appropriations will be found, in detail, in the Second Part of this Report.



The examples just mentioned are illustrative of the fields in which the funds of the Carnegie Corporation have been employed. It is the judgment of the trustees that their efforts will be more fruitful and more likely to be cumulative, if, taking up a particular cause, they assist it over a term of years long enough to try out the conception which lies back of its claims for usefulness and for support. On the other hand, it is likewise the judgment of the trustees that their funds should not be permanently pledged to one or another of these causes, but that they should be free at all times to give up the support of an enterprise which has either become well established, or which has shown only mediocre results, or which for one reason or another seems less significant at the time than other projects to which their attention may be directed. The intention of the trustees, carrying out the will of the founder, is to keep their income liquid from generation to generation, ready to be devoted to those causes that time proves to be most significant. The Corporation is an agency equipped to "work with time."

## A SCIENCE OF GIVING

THE accumulations of wealth in the older countries of Europe, and more particularly in England, have resulted in the establishment of many charitable and educational foundations, some of them now of great age. The exploitation of a new continent and the unprecedented fortunes that have resulted therefrom, together with a certain American flair for public service, have led during the last three decades to the establishment in our country of similar foundations on a scale never before known. Such institutions have been set up by their founders with the hope that the money so devoted would work for the betterment of mankind.

This form of distribution of wealth has been a subject of discussion among thoughtful men for at least a hundred and fifty

years. Among the older economists in the days of Adam Smith and Turgot grave doubt was expressed as to the wisdom of the distribution of wealth through the formation of continuing trusts, even when they were devoted to charitable and educational purposes. The argument was stated by Turgot in the following words:

But of whatever utility a Foundation might be at its conception, it bears within itself an irremediable defect which belongs to its very nature—the impossibility of maintaining its fulfilment. Founders deceive themselves vastly if they imagine that their zeal can be communicated from age to age to persons employed to perpetuate its effects. There is no body that has not in the long run lost the spirit of its first origin.

The attitude of present-day economists toward the devotion of accumulations of wealth to the establishment of foundations is certainly more liberal than that of the older writers on economic subjects. Possibly the economists of to-day, as a group, have a more direct interest in the formation of such trusts than did those of a hundred and fifty years ago. Nevertheless, even in our day, certain students of society hold that the man who has amassed great wealth does better to use that wealth in the ordinary developments of trade and commerce than in attempting to perpetuate his own conceptions and desires for human betterment by the formation of a permanent trust.

It must be admitted that present-day conditions offer a larger opportunity and no doubt a sounder justification for the creation of such foundations than any previous epoch in the world's history. In the first place, greater fortunes have been gathered by single individuals, thus affording the basis for the formation of an agency that may perpetuate the author's desire for human improvement. In the second place, the conditions of civilized life are enormously more complex while, at the same time, the peoples of the world are knit together in an economic interdependence such as was unknown a century and a half ago. Under these conditions it is fair to assume that there may be

found a true function for the trust established by accumulated wealth which may justify its continued and indefinite existence. This problem is now being tried out in the United States on a scale never before attempted in any country of the world.

Even in the short experience gained in the last two decades, it is clear that some of the dangers pointed out by Turgot and others are not wholly imaginary. The trusteeship for great accumulations of money devoted to general purposes presents by no means a simple problem. Such a duty is far more complex than the obligation of trusteeship in the administration of a fund assigned to a specific and definite purpose. To find men of sound judgment, of wide experience, of imagination, of discrimination, who will give time and thought to the duties of a trusteeship of this nature has never been easy. It may fairly be assumed that under any organization which is effected for the administration of such trusts the ultimate success will depend, in great measure, upon the leadership of those charged with the administration, and that the best the officers can expect from their trustees is the inspiration of their association and their discriminating judgment upon the proposals that may be made. No board of trustees, however able and wise and forward-looking, can furnish to such an enterprise a steady and successful administration. A board does its best service when it chooses wisely a leader who shall devote his thought and life to the problems of the trust, and when it gives to the officer so chosen clear, discriminating, and sympathetic judgment upon his proposals.

One of the evident dangers to such a trust arises out of the constant tendency to dissipate resources in numberless mediocre projects. A charitable foundation becomes inevitably the Mecca of all solicitors. Each of these is convinced that the cause which he represents is essential and important. Men can sincerely believe this even when the chief function of the cause which they represent is to furnish salaries for those who conduct it. Nothing is more illuminating in the study of such agencies



than to note the wide gap between the accomplishment which they consider themselves to have compassed and that with which unprejudiced and impartial observers credit them. Some causes are exceptional, many are worthy, but the majority are commonplace. To distribute a little to each is the easiest path for an endowed foundation to follow.

Every such agency for human betterment, whether of a religious, educational, or social character, finds itself subject to certain tendencies inherent in all organizations which make their support, as time goes on, more and more a question of judgment.

In all fields of human endeavor, newly created organizations are likely to start with a certain rush of enthusiasm and vigor which, little by little, tends to wane. This usually comes about by the gradual exhaustion of the energies of the original group, and failure to bring in new men and fresh energy. Every business association, no less than the organizations for education and philanthropy, carries the seeds of its own deterioration. In business, however, the organization is subject, every once and again, to a drastic reconstruction when it deteriorates below a certain point. Men who have grown old and indifferent are replaced by those who are younger and more energetic, and the organization takes on a new lease of life.

There is no provision for such freshening of educational and social organizations. For example, in colleges and universities, it is necessary that teachers should have the assurance of security and permanence if they are to bend themselves heartily and faithfully to their work. On the other hand, this very security carries with it the temptation for many men to be satisfied with inadequate endeavor. No form of scrutiny or administrative review has yet been provided by which colleges and universities may be properly freshened by the infusion of the new life and the new energy of younger men. The German universities had a device for this purpose which was admirable. Alongside of pro-

fessors, famous and well established, were appointed ambitious young docents, to whom students could resort if they found their lectures more profitable. One of the problems of educational organization to-day is to find a method by which university life may be stimulated without violating the reasonable security of academic service.

A second tendency of educational and social organizations, and one that has perhaps done more to decrease their effectiveness than any other, is the almost universal inclination to dissipate their energies in new forms of activity. An agency is established for a definite, specified purpose. It is organized to serve this purpose effectively. After a while those who compose the organization see other purposes which they feel to be cognate or related. The pressure to extend the activities of the organization to new fields is almost irresistible, and with this extension comes, only too often, the sacrifice of the original purpose. In almost every request placed before the endowed foundations, there are involved the questions as to how far the organization which makes the application is fulfilling its original function, as to how far the effectiveness of its organization has been maintained, and as to whether it is dissipating its energies in the endeavor to accomplish ends, good in themselves, but unrelated to its main line of action.

There is, of course, in all giving the ever-present danger of giving unwisely and in such manner as to demoralize rather than to stimulate the causes which seek for aid. It is not possible to make a grant of considerable size to any agency without complex effects, some of which can scarcely be anticipated. All giving, like all accomplishment intended for human betterment, cuts more than one way. Oftentimes the by-products of giving, even of giving to a good cause, result in social toxins which do enough harm to more than counteract the benefit that may come from the original gift.

Looking back over the last two decades, it seems clear that

college giving on the part of the great foundations created by Mr. Carnegie and Mr. Rockefeller has acted as a great stimulus in the upbuilding of our colleges, but has at the same time been partly responsible for by-products that were not anticipated and that can scarcely be regarded as benefits.

There has resulted, in the first place, an over-emphasis on going to college. So greatly has the college idea been stimulated, and so continually has the college opportunity been held up before the youth of the country, that no door of opportunity seems open to the young man or to the young woman except that of the college. As a result, we have to-day an army of youth pressing into the colleges, so great that the colleges cannot deal with them efficiently. Many of these young men and young women would find their greatest usefulness and their greatest happiness in other vocations than those to be sought through college attendance, and there is more need to-day to make clear what these opportunities are and to whom they are especially fitting, than to urge upon all the youth of the country the advantage of college attendance.

There can be no doubt either, among those familiar with the facts, that the wholesale college giving and the consequent wholesale college begging of the last twenty years have gone far to transform the American college president into a soliciting agent. Scholarly men to-day hesitate to take the place of college president; and they may well do so, because to-day the typical board of trustees is not seeking a scholarly president: it is seeking a president who can get money. No men feel this position more keenly than the college presidents themselves, many of whom find themselves circumstanced very much as the ass with the bundle of oats held just far enough in advance of his nose to keep him perpetually seeking to reach it. Many a college president spends his best years in the hopeless endeavor to grasp such a reward that has been dangled before his eyes, with the kindest intentions, by one of the endowed foundations.



These are some of the by-products of organized giving that are of doubtful value and to which attention has many times been directed. The recalling of such considerations at this moment is not prompted by foreboding, but rather by the wish to make it clear that those who administer these trusts must resolutely face the fact that public giving carries its dangers as well as its opportunities; that large sums of money cannot be granted so as to do good only, unless the method of giving is carried out with the greatest discrimination and with the constant effort to discover the disadvantages as well as the advantages of such beneficence. It is through such complexities that any foundation, such as the Carnegie Corporation, whose broad purpose is the promotion of knowledge and understanding, must somehow find its way.

Whether a science or even an art of public giving can ever be developed is questionable. Some of those who have accumulated great fortunes have sought to devise forms of automatic distribution that would do good and not harm. None of these devices has ever succeeded for any considerable period of time. The fact may as well be faced at once that giving, whether in the public sense or in the private sense, will in the end involve a personal responsibility and a personal scrutiny. Somebody must sweat blood with gift money if its effect is not to do more harm than good, and this is equally true whether the giving be private or public, whether it be done by an individual or by a trust.

The real tests of the great foundations that have been created in our country by generous-minded and patriotic men can be made only after a reasonable lapse of time. More than one generation must pass before thoughtful men will be in a position to assess the relative good and the possible harm that such trusts can effect. The best that those now charged with the responsibility for their administration can do is to see to it that there is a careful and conscientious scrutiny of the whole field, in order

that, so far as possible, purely local and mediocre causes shall not be allowed to absorb the funds that should go to significant and fruitful enterprises. Doubtless the administration of such a trust will result in the greatest good when it confines its efforts, at least over a term of years, to designated lines of endeavor in which prolonged and repeated results can be compared and estimated. Above all it will be necessary to cultivate a sympathetic insight into human motives, to develop the imagination requisite to differentiate the fruitful enterprise and the man of promise from the cause that is of little worth and from the man who is deceiving himself; and finally there will be needed in those who conduct such an enterprise the firmness to say "No" to most of those who apply to them for aid. Not infrequently, it will turn out that, if there be the courage to utter a frank negative, the service of the trust may be greater in those requests which it refuses than in those which it grants. The day by day experience of those who attempt as best they may to envisage, to understand, to appreciate, and to discriminate between agencies for human betterment cannot fail to make clear at least this fact: the fruitfulness of gifts of money is directly proportional to the clearness and the completeness with which those who apply for gifts comprehend their own tasks and their own limitations. It is a part of the duty of such an agency to help toward a discriminating appreciation no less than toward a steadfast and faithful devotion on the part of those who apply for aid.

#### GRANTS VOTED BY THE TRUSTEES DURING THE YEAR ENDED SEPTEMBER 30, 1922

THE following grants were, by formal vote of the trustees, appropriated during the past year from the funds of the Corporation to the persons and agencies listed below.



## GRANTS VOTED DURING THE YEAR

21

## COLLEGES

BENEFICIARY	NATURE OF THE GRANT	AMOUNT APPROPRIATED
California Institute of Technology	<i>Research in physics and chemistry (5)</i> <sup>1</sup>	\$150,000.00
Cincinnati, University of	<i>School of Medicine — Endowment</i>	200,000.00
Fisk University (colored), Nashville, Tenn.	<i>Current expenses</i>	12,500.00
Flora Macdonald College, Red Springs, N. C.	<i>Endowment (replacing earlier grant)</i>	50,000.00
Georgia School of Technology	<i>Physics building (replacing earlier grant)</i>	150,000.00
Intermountain Institute, Weiser, Idaho	<i>Current expenses</i>	10,000.00
King's College, Windsor, N.S.	<i>Current expenses (2)</i>	40,000.00
Meharry Medical College (colored), Nashville, Tenn.	<i>Current expenses</i>	7,500.00
New York University	<i>Renovation of buildings (replacing earlier grant)</i>	300,000.00
Ripon College	<i>Endowment (replacing earlier grant)</i>	10,000.00
Stevens Institute of Technology	<i>Endowment</i>	100,000.00
William and Mary, College of	<i>Enlargement of library</i>	25,000.00
		<hr/> \$1,055,000.00

## MISCELLANEOUS

American Child Hygiene Association	<i>Educational activities</i>	\$5,000.00
American Classical League	<i>Promotion of classical education in the United States (3)</i>	30,000.00
American Council on Education	<i>Study of public school finance (2)</i>	50,000.00
American Federation of Arts	<i>General activities</i>	10,000.00
American Fine Arts Society	<i>Building and repairs</i>	25,000.00
American School of Classical Studies at Athens	<i>Building for the Johannes Gennadius Library</i>	200,000.00
Americanization Studies	<i>Current expenses</i>	5,000.00
Child Health Organization	<i>Educational activities</i>	5,000.00
Commission on Inter-racial Coöperation	<i>General activities</i>	10,000.00

<sup>1</sup> Figures in parentheses indicate the number of years over which the grant extends.

## THE CARNEGIE CORPORATION

BENEFICIARY	NATURE OF THE GRANT	AMOUNT APPROPRIATED
Committee on Establishment of Permanent Organiza- tion for Improvement of Law	<i>General activities</i>	\$25,000.00
Coöperative Education Asso- ciation of Virginia	<i>General activities (3)</i>	15,000.00
Institute of Economics	<i>General activities (10)</i>	1,650,000.00
Institute for Educational Re- search	<i>Research under direction of Dr. E. L. Thorndike (3)</i>	45,000.00
Institute of Land Economics	<i>Research under direction of Dr. Richard T. Ely</i>	10,000.00
Kingsley Association of Pitts- burgh	<i>Educational activities</i>	6,000.00
Libraries at Braddock, Home- stead, and Duquesne, Pa.	<i>General repairs</i>	25,000.00
Manhattan Trade School for Girls	<i>Current expenses</i>	500.00
Marine Biological Laboratory	<i>Endowment</i>	100,000.00
National Association for Con- stitutional Government	<i>General activities</i>	4,009.98
National Civic Federation	<i>General activities</i>	8,000.00
National Health Council	<i>General activities</i>	10,000.00
National Institute of Public Administration	<i>General activities (3)</i>	60,000.00
National Research Council	<i>General activities</i>	182,500.00
New York Public Library School for Librarians	<i>General activities</i>	20,000.00
Oratorio Society of New York	<i>General activities</i>	5,000.00
Potter Metabolic Clinic	<i>General activities</i>	7,500.00
Regents of the University of the State of New York	<i>Study of educational laws of New York State</i>	10,000.00
Russian Collegiate Institute	<i>General activities</i>	10,000.00
Unemployment, The Presi- dent's Conference on	<i>Investigation of unemployment</i>	50,000.00
University of Toronto	<i>Research in treatment of diabetes</i>	8,000.00
		<hr/> \$2,591,509.98

## PUBLIC LIBRARIES

Lake City, Minn.	\$3,000.00
Washington, D. C.	67,000.00
Washington, D. C.	100,000.00
	<hr/> \$170,000.00

EXPENDITURES MADE DURING THE YEAR ENDED  
SEPTEMBER 30, 1922

IN an institution like the Carnegie Corporation, appropriating money for colleges, research institutions, medical agencies, and similar enterprises, it will necessarily happen that the expenditures, in many cases, do not take place in the year in which the grants are made. In other cases such grants may extend over a period of years. The following statement shows the actual sums paid out by the treasurer of the Corporation during the year ended September 30, 1922, by the authority of the trustees, both for the conduct of the Corporation and for the payment of grants to the various beneficiaries that are named.

EXPENSES OF ADMINISTRATION

Payments to Trustees for their Services <sup>1</sup>	\$40,000.00
Salaries of Officers and Employees	37,690.64
Rent	23,816.16
Traveling Expenses	1,943.01
Furniture and Fixtures	1,466.68
Printing and Stationery	3,731.92
Miscellaneous	12,444.80
Administrative Investigations	5,233.55
Total	<u>\$126,326.76</u>

The total cost of administration of the Trust for the past year is therefore \$126,326.76. The corresponding cost for the preceding year was \$203,151.63. The considerable difference is due to the fact that the places of the president and his assistant have not been filled, and also to the fact that the budget of 1920-21 contained the extraordinary expenditures involved in removing to a new site.

<sup>1</sup> Mr. Carnegie in his letter of gift of November 10, 1911, included the following provision: "I direct that out of this fund each Trustee receive five thousand dollars for his services."

The trustees at their annual meeting, November 16, 1922, voted to enlarge the board to fifteen members, and voted at the same time to discontinue the payments for services of trustees.

## THE CARNEGIE CORPORATION

## PAYMENTS TO BENEFICIARIES DURING THE CURRENT YEAR

COLLEGES		
BENEFICIARY	NATURE OF APPROPRIATION	AMOUNT PAID
Agnes Scott College, Decatur, Ga.	<i>Endowment</i>	\$75,000.00
	<i>Interest</i>	2,812.50
American School of Classical Studies at Athens	<i>Endowment annuity</i> <sup>1</sup>	5,000.00
American School of Classical Studies at Athens	<i>Gennadius Library</i>	25,000.00
Amherst College, Amherst, Mass.	<i>Endowment</i>	75,000.00
	<i>Interest</i>	2,812.50
Beloit College, Beloit, Wis.	<i>Endowment annuity</i>	3,750.00
Berry School, Rome, Ga.	<i>Annuity (5)</i>	12,500.00
California Institute of Technology	<i>Research in physics and chemistry—Annuity (5)</i>	30,000.00
Carleton College, Northfield, Minn.	<i>Annuity</i>	3,750.00
Carnegie Institute of Pittsburgh	<i>Educational work—Interest</i>	12,200.00
Carnegie Institute of Pittsburgh	<i>Building alterations—Interest</i>	10,000.00
Carnegie Institute of Pittsburgh	<i>Endowment—Interest</i>	10,000.00
Carnegie Institute of Technology	<i>Gymnasium</i>	25,000.00
Carnegie Institute of Technology	<i>Endowment</i>	118,000.00
	<i>Interest</i>	280,525.00
Carnegie Institute of Technology	<i>Repairs and replacement of equipment</i>	140,000.00
Carnegie Institute of Technology	<i>Endowment—Interest</i>	90,000.00
Coe College, Cedar Rapids, Ia.	<i>Endowment annuity</i>	3,750.00
College of Emporia, Emporia, Kans.	<i>Endowment of library—Annuity</i>	2,500.00
Converse College, Spartanburg, S. C.	<i>Endowment</i>	75,000.00
Cornell College, Mt. Vernon, Ia.	<i>Endowment of library—Annuity</i>	3,750.00
Dalhousie University, Halifax, N. S.	<i>School of Medicine</i>	50,000.00

<sup>1</sup> The term "endowment annuity" signifies an annual payment pending the fulfilment of conditions imposed for an endowment grant.



## EXPENDITURES DURING THE YEAR

25

BENEFICIARY	NATURE OF APPROPRIATION	AMOUNT PAID
Fisk University, Nashville, Tenn.	<i>Current expenses</i>	\$25,000.00
Georgia Institute of Technology	<i>Endowment annuity (changed to physics building, Nov., 1921)</i>	1,875.00
University of Georgia	<i>Medical department — Annuity (5)</i>	10,000.00
Hamilton College, Clinton, N. Y.	<i>Endowment annuity</i>	3,750.00
Hampton Normal & Industrial Institute	<i>Endowment Annuity</i>	300,000.00 8,750.00
Jamestown College, Jamestown, N. D.	<i>Endowment</i>	5,000.00
King's College, Windsor, N. S.	<i>Current expenses — Annuity (2)</i>	20,000.00
Knox College, Galesburg, Ill.	<i>Endowment annuity</i>	3,750.00
Lafayette College, Easton, Pa.	<i>Endowment Annuity</i>	75,000.00 2,812.50
Lake Erie College, Painesville, Ohio	<i>Endowment annuity</i>	3,750.00
Lawrence College, Appleton, Wis.	<i>Annuity</i>	3,750.00
Lehigh University, So. Bethlehem, Pa.	<i>Endowment annuity</i>	12,500.00
Macalester College, St. Paul, Minn.	<i>Endowment Annuity</i>	75,000.00 2,812.50
Marietta College, Marietta, Ohio	<i>Endowment Annuity</i>	75,000.00 2,812.50
Maryville College, Maryville, Tenn.	<i>Endowment annuity</i>	2,500.00
Meharry Medical College, Nashville, Tenn.	<i>Endowment Current expenses</i>	150,000.00 7,500.00
Mount Holyoke College, So. Hadley, Mass.	<i>Endowment annuity</i>	3,750.00
New York University	<i>Endowment annuity (Endowment grant cancelled)</i> <i>Renovation of buildings</i>	6,500.00 168,812.58
University of Notre Dame, Notre Dame, Ind.	<i>Endowment annuity</i>	3,750.00
Otterbein College, Westerville, Ohio	<i>Endowment annuity</i>	3,750.00
Park College, Parkville, Mo.	<i>Library building</i>	10,525.00
Randolph-Macon College, Ashland, Va.	<i>Library building</i>	20,000.00

## THE CARNEGIE CORPORATION

BENEFICIARY	NATURE OF APPROPRIATION	AMOUNT PAID
Russian Collegiate Institute, New York City	<i>Current expenses</i>	\$10,000.00
Swarthmore College, Swarth- more, Pa.	<i>Endowment</i>	75,000.00
	<i>Annuity</i>	2,812.50
Teachers College, New York City	<i>Research relating to the prepara- tion of teachers — Annuity (10)</i>	10,000.00
University of Toronto	<i>Research in the treatment of diabetes</i>	4,000.00
Tulane University, New Or- leans, La.	<i>School of Medicine — Endowment</i>	41,875.00
Tuskegee Institute, Tuskegee, Ala.	<i>Research relating to the negro — Annuity (5)</i>	5,625.00
Tusculum College, Greene- ville, Tenn.	<i>Endowment</i>	50,000.00
	<i>Interest</i>	1,875.00
Union College, Schenectady, N. Y.	<i>Endowment annuity</i>	3,750.00
Vassar College, Poughkeep- sie, N. Y.	<i>Endowment</i>	75,000.00
	<i>Annuity</i>	2,812.50
University of Virginia, Char- lottesville, Va.	<i>Endowment</i>	100,000.00
	<i>Interest</i>	2,500.00
Wellesley College, Wellesley, Mass.	<i>Endowment</i>	75,000.00
	<i>Annuity</i>	2,812.50
Western College for Women, Oxford, Ohio	<i>Endowment</i>	50,000.00
		<hr/> \$2,578,062.58

## LIBRARY BUILDINGS

## UNITED STATES

BENEFICIARY	TOTAL PAID
American Fork, Utah	\$6,500.00
Bay City, Mich.	35,000.00
Butler, Pa.	2,000.00
Canton, Kans. — City & Township	2,000.00
Cape Girardeau, Mo.	25,000.00
Cozad, Neb.	6,000.00
Elmira, N. Y.	58,001.00
Hebron Town & Boone Township, Ind.	4,600.00
Hickory, N. C.	13,250.00
Lackawanna, N. Y.	13,163.00
Lake City, Minn.	11,500.00
Lapeer, Mich.	8,910.00

## EXPENDITURES DURING THE YEAR

27

BENEFICIARY	TOTAL PAID
Lawton, Okla.	\$20,000.00
Lehi, Utah	9,000.00
Marlette Township, Mich.	6,500.00
McPherson, Kans.	500.00
Milo, Me.	3,000.00
New Haven, Conn. (2 branches)	19,201.00
New York, N. Y.	233,879.13
North Judson Town & Wayne Township, Ind.	6,913.00
Orosi, Calif.	3,000.00
Patterson, Calif.	3,000.00
Pottsville, Pa.	45,000.00
Riverside, Calif.	13,575.00
San Francisco, Calif.	957.00
Santa Cruz, Calif.	25.00
Scottsbluff, Neb.	15,000.00
Smithfield, Utah	11,282.00
Springville, Utah	6,500.00
Washington, D. C.	40,000.00
Total	\$623,256.13

## FOREIGN

Germiston, Transvaal, B. S. A.	\$26,468.12
Hespeler, Ont., Canada	4,678.00
Lethbridge, Alberta, Canada	25,000.00
Renfrew, Ontario, Canada	1,000.00
Total	\$57,146.12

## ORGANS

## UNITED STATES

Phoenix, N. Y.	\$1,500.00
----------------	------------

## MISCELLANEOUS

BENEFICIARY	NATURE OF APPROPRIATION	AMOUNT PAID
American Academy in Rome	<i>Prize fellowships for musical composition—Annuity (10)</i>	\$10,000.00
American Classical League	<i>Promotion of classical education in U. S.—Annuity (3)</i>	10,000.00
American Child Hygiene Association	<i>Educational purposes</i>	5,000.00

## THE CARNEGIE CORPORATION

BENEFICIARY	NATURE OF APPROPRIATION	AMOUNT PAID
American College of Surgeons	<i>Study of hospital standardization — Annuity (3)</i>	\$25,000.00
American Council on Education	<i>Study of public school finance — Annuity (2)</i>	25,000.00
American Federation of Arts	<i>General activities</i>	5,000.00
American Fine Arts Society	<i>Building and repairs</i>	25,000.00
American Institute of Criminal Law and Criminology	<i>Research — Annuity (5)</i>	7,500.00
Americanization Studies	<i>Current expenses</i>	4,391.83
Association for the Study of Negro Life and History	<i>Research (5)</i>	3,750.00
Atlanta Library Training School	<i>Current expenses</i>	4,500.00
Bureau of Vocational Information	<i>General activities — Annuity (3)</i>	5,000.00
Carnegie Foundation for the Advancement of Teaching	<i>Endowment</i>	800,000.00
Child Health Organization	<i>Educational purposes</i>	6,250.00
Commission on Inter-racial Coöperation	<i>General activities</i>	10,000.00
Commission on the Establishment of a Permanent Organization for Improvement of the Law	<i>General activities</i>	25,000.00
Coöperative Education Association of Virginia	<i>General activities — Annuity (3)</i>	5,000.00
Food Research Institute	<i>Establishment and support — Annuity (10)</i>	62,000.00
Girl Scouts	<i>Educational purposes — Annuity (2)</i>	10,000.00
Institute of Economics	<i>General activities — Annuity (10)</i>	150,000.00
Institute of Educational Research, Teachers College, New York City	<i>Psychological research — Annuity (3)</i>	8,000.00
Institute for Research in Land Economics, University of Wisconsin	<i>General activities</i>	10,000.00
Intermountain Institute, Weiser, Idaho	<i>Current expenses</i>	10,000.00
International Grenfell Association	<i>Scholarships in the United States — Annuity (7)</i>	5,000.00
Jobling, Dr. James W.	<i>Research in pellagra</i>	1,000.00



## EXPENDITURES DURING THE YEAR

29

BENEFICIARY	NATURE OF APPROPRIATION	AMOUNT PAID
Kingsley Association of Pittsburgh	<i>Educational purposes</i>	\$7,500.00
Legal Aid Society of New York	<i>General activities</i>	2,500.00
Libraries at Braddock, Homestead, and Duquesne, Pa.	<i>General repairs</i>	25,000.00
Manhattan Trade School for Girls	<i>Current expenses</i>	500.00
National Academy of Sciences	<i>Building</i>	166,551.95
National Association for Constitutional Government	<i>General activities</i>	4,009.98
National Board of Medical Examiners	<i>General activities—Annuity (5)</i>	30,250.00
National Bureau of Economic Research	<i>General activities—Annuity (3)</i>	20,000.00
National Civic Federation	<i>General activities</i>	8,000.00
National Committee on Legal Aid Work	<i>General activities</i>	15,000.00
National Health Council	<i>General activities</i>	7,500.00
National Institute of Public Administration	<i>General activities—Annuity (3)</i>	20,000.00
National Research Council	<i>General activities</i>	187,500.00
National Urban League	<i>Research relating to the negro—Annuity (3)</i>	8,000.00
New York Public Library School for Librarians	<i>Current expenses</i>	20,000.00
Oratorio Society of New York	<i>Current expenses</i>	5,000.00
Phipps Institute, University of Pennsylvania	<i>Research relating to tuberculosis—Annuity (5)</i>	18,750.00
Potter Metabolic Clinic	<i>General activities</i>	7,500.00
Regents of the University of the State of New York	<i>Study of educational laws of New York</i>	656.26
Slater Fund for Negro Education	<i>Establishment of county training schools—Annuity (4)</i>	10,000.00
Unemployment, President's Conference on	<i>Investigation into the fundamentals of unemployment</i>	50,000.00
United Engineering Society	<i>Library purposes—Annuity (2)</i>	10,000.00
Wharton School, University of Pennsylvania	<i>Industrial research—Annuity (5)</i>	10,000.00
		<hr/> \$1,866,610.02

## THE CARNEGIE CORPORATION

The gross income and expenditures of the Trust for the current year are, therefore, as follows:

Total Income		\$6,466,516.26
Expenditures		
Administration	\$126,326.76	
Payments to Beneficiaries	<u>5,127,774.85</u>	<u>5,254,101.61</u>
Surplus Income		\$1,212,414.65

## GRANTS VOTED BY THE TRUSTEES

PREVIOUS TO OCTOBER 1, 1921

ON WHICH NO PAYMENT HAS YET BEEN MADE

## COLLEGES

BENEFICIARY	NATURE OF GRANT	AMOUNT
Alma College	<i>Endowment</i>	\$75,000.00
Carnegie Institute of Pittsburgh	<i>Endowment</i>	200,000.00
Carnegie Institute of Technology	<i>Endowment</i>	8,000,000.00
Colorado, University of	<i>School of Medicine—Endowment</i>	100,000.00
Columbia University	<i>School of Medicine—Buildings</i>	1,000,000.00
Fort Valley High and Industrial School	<i>Library</i>	12,500.00
Lincoln Institute of Kentucky	<i>Payment of debt</i>	20,000.00
Miami University	<i>Library building</i>	50,000.00
Vanderbilt University	<i>School of Medicine—Endowment</i>	1,500,000.00
Vermont Teachers Training School	<i>Building</i>	100,000.00
Western Reserve University	<i>Library School—Endowment</i>	<u>25,000.00</u>
		\$11,082,500.00

## MISCELLANEOUS

Institute of International Education	<i>General activities</i>	\$30,000.00
Men and Millions Movement	<i>General purposes</i>	50,000.00
National Research Council	<i>Conferences on Vocational Guidance</i>	2,000.00

BENEFICIARY	NATURE OF GRANT	AMOUNT
National Research Council	<i>Publication of physical and chemical constants</i>	\$35,000.00
New York Association for Medical Education	<i>General purposes</i>	12,000.00
Social Service Bureau	<i>Seamen's Library</i>	5,000.00
		<hr/> \$134,000.00

### CERTAIN PROJECTS INAUGURATED OR MAINLY ASSISTED BY THE CARNEGIE CORPORATION

THE nature and scope of the more important undertakings mentioned in the preceding list and the extent of the aid given by the Corporation are described in the following pages.

#### THE ESTABLISHMENT OF AN INSTITUTE OF ECONOMICS

The science of economics, if indeed we may call it a science, undertakes to study and describe the methods and processes by which communities obtain the necessities for existence and the comforts that go with advancing civilization,— such, for example, as food, clothing, houses, transportation, all of which are necessary for the bare maintenance of life, as well as those added comforts and pleasures, books, scientific research, public philanthropy, and the luxuries of life. Economic science, therefore, must involve some conception of the standard of living; a standard that includes only the barest essentials would be different from one which includes a certain degree of comfort or of luxury. Some estimate of what constitutes a reasonable standard of living is unavoidably associated with the study of the economic processes by which the life and the progress of a community are carried on.

There have been many who held that the factors to be taken into account in such a study are so numerous and so complicated that a true science of economics is impossible. It is certain that in earlier times, such a study must have been fragmentary

and local; but in the rapid differentiation of occupation that has taken place in the course of the last century, the processes by which the peoples of the world are fed, and clothed, and warmed, and transported have not only become more evident, but the effect of their development has become increasingly widespread and complete. A country to-day receives its food from many sources outside its own boundaries. It interchanges the labor of its industries with the labor of those who gather the raw products of other regions. This very differentiation of industrial processes has, in one sense, made it easier to determine their sweep and scope, and their influence upon the common prosperity of the various communities and nations of the world.

Furthermore, in our day it is clear that this differentiation of communities and nations along industrial lines, which has made a science of economics possible, has also made it necessary. It is plain that economic considerations are coming to have a larger and larger share in political questions, and that the ascertainment and determination of the economic effects of certain industrial and social processes are essential to a knowledge of those political actions which a nation must undertake for its own security and prosperity.

The trustees of the Carnegie Corporation have long interested themselves in the advancement of economic studies, and grants have been made to various investigating agencies, such as the National Bureau of Economic Research, which is engaged in the determination of economic facts and conditions. It is, however, the duty of the Carnegie Corporation to do such things as it may, not only for the advancement but also for the diffusion of knowledge and understanding. In many fields, and in none more than in that of economics, the diffusion of knowledge lags behind the apprehension and discovery of knowledge. It is oftentimes more difficult to bring the known facts touching economic questions to the consciousness of a community or of a nation than it is to discover the truth in the first instance. Every con-



sideration of modern life goes to emphasize the fact that there is not only need in our complex national and international relations for exact facts touching the methods and processes of our economic life, but that there is an especial need that those facts and truths which have been clearly ascertained should be brought home to the consciousness of the great body of citizens. An institution, therefore, whose function shall be, not only the ascertainment of the truth in our industrial and economic relations, but also the statement of this ascertained body of facts in simple and clear form, should serve a purpose at this time of the most important and far-reaching character. These considerations have long been in the minds of the trustees of the Carnegie Corporation, and their importance was emphasized in the following communication laid before the trustees on the part of a group of high-minded citizens in January, 1922.

TO THE TRUSTEES OF THE CARNEGIE CORPORATION  
OF NEW YORK, NEW YORK CITY

GENTLEMEN:

Those whose names are signed to this paper, appreciating the service that your organization has already rendered to education, to research, and to various causes, desire to call your attention at this time to a project which in their estimation would be one of the most useful and fruitful which your board could undertake.

The events of the past ten years, and particularly those of the years since the War, have gone far to emphasize the fact that many governmental questions are, in their essence, economic questions. It is clear to-day to thinking men that the basis upon which just settlement must be made as between groups of citizens and as between nations must be economic. The ordinary citizen does not fully appreciate the fact that he also, in his daily life and business, is subject to economic conditions that closely affect the business of the individual as well as of the world.

A vast amount of information on these fundamental questions has been brought together in government archives, in reports of commissions, and by individuals; but in a great number of cases these reports are undigested. They are not in such form that either representative bodies, or executive



officers, or individuals can make use of them. The situation seems ripe for the inauguration of some agency, competent to collect, interpret, and lay before the country in clear and intelligible form the fundamental economic facts concerning which opinions need to be formed.

It is the purpose of this paper to urge the trustees of the Carnegie Corporation to establish such an agency.

In order that it may fulfill its purpose, the institution so established must be free of any political or pecuniary interest or influence. It must be clear that its sole object is to collect facts, to marshal them in intelligible form, and to interpret them in the service of the truth only and not in the service of any party or section or group in the body politic. Only an agency that is honestly and intelligently seeking to get the facts and present them to the public can be of service. Experience has shown that the public will discuss and study information touching these great economic interests, provided the information is based upon ascertained facts and is presented in a clear, simple, and unprejudiced manner.

Our suggestion, therefore, is that the Carnegie Corporation, for a term of ten years, undertake the expenses of establishing under a small but carefully chosen body of trustees, an agency for the collection of facts relating to economic questions and for the study and interpretation of these facts for the benefit of the public. The experts employed by such a board of trustees would naturally be men of known ability and of proved character, whose findings would command the respect of intelligent men in all walks of life, and who would be able to present their conclusions in a form, simple, clear, and intelligible.

Such an agency might be called, unless a better term can be found, The Institute of Economics. To conduct it effectively for a period of ten years we estimate that there should be provided a sustaining fund of \$200,000 a year. It is believed that with this sum assured, such other support as the progress of the work would make necessary could be readily secured from public-spirited citizens.

We ask your most serious and careful consideration for this project, believing it to be one of the most important that could now be undertaken by any agency designed for the increase and diffusion of knowledge among the people of the United States. Certainly in no other field of knowledge is there greater need for the diffusion of the fundamental facts than in the field of economics. The man who, night after night, and year after year, notes the steady revolutions of the stars and of the planets realizes that these bodies move under the operation of definite

forces. In his everyday business he is himself subject to economic conditions that can be understood and estimated, but he is so involved in the interactions of these influences, that he seldom realizes that his own economic prosperity is in large measure determined by economic forces whose origin and sweep he does not recognize. He seeks, only too often, an explanation of his prosperity or adversity in artificial causes rather than in the normal action of those factors which mold the industrial life of nations and of individuals. To make this truth clear to the mass of our citizens, to offer them at the same time definite and exact information touching the particular questions of the day as they arise, to express this information in clear and intelligible form, would be to do a service whose value would be beyond all estimation. We believe that such an agency as we have indicated, established through the foresight and generosity of the trustees of the Carnegie Corporation, may well aspire to render this noble service.

Respectfully submitted,

(Signed)

A. LAWRENCE LOWELL	BOLTON SMITH
ARTHUR T. HADLEY	WHITEFOORD R. COLE
FRANK J. GOODNOW	JACOB HOLLANDER
EDWIN A. ALDERMAN	W. F. GEPHARDT
DAVID KINLEY	FRANK HAIG DIXON
FRANK L. McVEY	GEORGE SUTHERLAND
CHARLES L. HUTCHINSON	THOMAS WALKER PAGE
MARTIN A. RYERSON	ROBERT S. BROOKINGS
SAMUEL MATHER	PAUL M. WARBURG
	DAVID F. HOUSTON

In their study of the proposal thus placed definitely before them, the trustees of the Carnegie Corporation realized that in order that such an agency might fulfil its purpose, two things were necessary.

In the first place, the institution so established must have for its sole purpose the ascertainment of the facts and their dissemination; it must be conducted in the interests of no party or group or faction.

Secondly, this can be effected only by placing the management of the institution in the hands of high-minded and able

men, devoted to the interests of the whole people, and who shall be capable of selecting for the work of the institution intelligent and able students of economics. Clear thinking, not the effort to reconcile discordant factions, must be the basis of any sincere effort in this field. If the truth is ascertained and clearly and simply stated, we must believe that it will make its own way. If it cannot, the world's situation is hopeless.

Acting upon these principles, the Trustees of the Corporation, at a meeting held February 9, 1922, passed the following resolution:

I. There shall be established an agency to be called the Institute of Economics, whose principal office shall be at Washington, D. C., and whose purposes shall be the ascertainment of economic facts and principles relating to the questions before the American people, and the dissemination in clear and simple form of the truth touching these fundamental facts and principles.

II. The Institute of Economics shall be governed by a board of fifteen trustees. The first board of trustees will be constituted as follows:

ROBERT S. BROOKINGS	St. Louis
ARTHUR T. HADLEY	Yale University
PAUL M. WARBURG	New York
HON. GEO. SUTHERLAND	Salt Lake City
CHAS. L. HUTCHINSON	Chicago
CHAS. D. WALCOTT	Smithsonian Institution
A. LAWRENCE LOWELL	Harvard University
DAVID F. HOUSTON	New York
SAMUEL MATHER	Cleveland
JOHN BARTON PAYNE	Washington
JAMES J. STORROW	Boston
EDWIN A. ALDERMAN	University of Virginia
BOLTON SMITH	Memphis
WHITEFOORD R. COLE	Nashville
DAVID KINLEY	University of Illinois

III. The regular term of service of a trustee shall be three years. The Board named above shall, at its first meeting, divide into three groups whose terms shall end respectively in one, two, and three years. All vacancies in the board shall be filled by the vote of the remaining members.



IV. The board of trustees shall have full power to elect its own officers, to adopt such plan of organization as it deems best suited for its purpose, to appoint a staff, and to adopt such plans for the development and management of the Institute of Economics as the board may, from time to time, deem to be wise. The trustees shall receive expenses of travel, but shall receive no compensation for their services as trustees.

V. The Carnegie Corporation of New York will provide for the purposes of the Institute of Economics for the period of ten years beginning January 1, 1922, the following sums:

For the first five years, \$200,000 each year;

For the sixth, seventh, and eighth years, \$150,000 each year;

For the ninth and tenth years, \$100,000 each year.

The payments will be made in equal quarterly instalments. With the completion of the last of the payments designated above, the Carnegie Corporation assumes no further obligation for the support or maintenance of the Institute of Economics.

VI. The Carnegie Corporation of New York, in committing to the trustees named above the administration of these funds over which the Corporation will have no control whatsoever, has in mind a single purpose—namely, that the institution so inaugurated shall be conducted with the sole object of ascertaining the facts and of interpreting these facts to the people of the United States in the most simple and understandable form. It is the desire of the trustees of the Carnegie Corporation that the work of the Institute of Economics shall be conducted in the interest of the common good, and the Institute itself shall be administered by its trustees without regard to the special interests of any group in the body politic, whether political, social, or economic.

In conformity with this action of the Carnegie Corporation, the trustees of the Institute of Economics named above convened on the afternoon of April 21 last, at the office of the Carnegie Institution in Washington, where they effected a permanent organization, and arranged for the conduct and administration of the affairs of the Institute.

The trustees elected as the president of the board, Mr. Robert S. Brookings; as vice-president, Mr. Arthur T. Hadley; and

as Treasurer, Mr. David F. Houston. An executive committee of seven was chosen as follows:

ROBERT S. BROOKINGS, <i>ex-officio</i>	JOHN BARTON PAYNE
ARTHUR T. HADLEY	PAUL M. WARBURG
GEORGE SUTHERLAND	DAVID F. HOUSTON
JAMES J. STORROW	

Temporary headquarters for the Institute were secured in the American National Bank Building, Washington, D. C., and permanent quarters became available about the 1st of October in a new office building erected in Jackson Place.

#### THE FOOD RESEARCH INSTITUTE

The Food Research Institute was established in February, 1921, by the action of the Carnegie Corporation of New York in cooperation with the trustees of Leland Stanford Junior University. The Institute was organized for the purpose of intensive scientific study of the production, distribution, and consumption of food. It grew out of the studies and recommendations offered by Secretary Hoover after his remarkable experience in supplying food to the various distressed nations of Europe during the war and for the year following the armistice. This experience was unique, and Mr. Hoover had the foresight to preserve not only the documents which threw light upon the problem of the availability of different kinds of food for different ages in the population, but also much information touching its distribution and production. These papers he deposited in what has been called the Hoover War Library of Stanford University, which now contains a unique collection of documentary material relating to the food problems and economic aspects of the great war.

The Carnegie Corporation, in view of the extraordinary achievement of Mr. Hoover, and in view of the material for study offered by this collection, agreed to supply, for ten years, an annual sum for the purposes of intensive scientific study of



the production, distribution, and consumption of food. Stanford University coöperates with this effort by providing buildings and facilities, and assuming responsibility for the appointment of officers and the direct oversight of the Food Research Institute, as this enterprise has been called. Secretary Hoover refused to permit his name to be given to the Institute.

The founding of the Food Research Institute, therefore, grew out of the war experience. During the late war, for the first time in history, food production and distribution, nutrition and dietetics, had to be considered by governments as national, and even international, problems. Much valuable information was thus brought together. On the other hand, much of the desired information was not in existence, and in the hurry of the war many of the necessary studies could not be made. The food supply has hitherto seldom been examined with adequate reference to its international aspects and to the particular commodities entering into it. Most food problems have received local investigation only. The trustees of the Corporation were convinced that the scientific study of such problems from a broad national and international viewpoint was no less important in time of peace than in time of war. While recognizing the great service which research work in the federal and state agricultural departments and colleges had rendered in this cause, they were convinced that an organization outside of governmental control would have certain advantages in dealing with some of the problems which have to do with the production and distribution of food.

The work of the Institute is entrusted to three joint directors, one an expert in agriculture and food manufacture, the second an expert in economics and food distribution, and the third an authority in physiology and chemistry of nutrition. In April, 1921, Dr. Carl L. Alsberg, Dr. Joseph S. Davis, and Dr. Alonzo E. Taylor were appointed as directors in these respective fields. An advisory committee was also appointed, comprising the presi-

dents of the Carnegie Corporation and Stanford University, *ex-officio*, and as additional members Secretary Hoover; Dr. John C. Merriam, president of the Carnegie Institution; Mr. Julius Barnes, formerly president of the United States Grain Corporation; Dr. William M. Jardine, president of the Kansas State Agricultural College; Mr. J. R. Howard, president of the American Farm Bureau Federation; and Mr. George Roeding, formerly of the California Horticultural Exposition.

During the last half of the year 1921, the directors were engaged in the organization of their work, in seeking a competent staff, and in determining the immediate problems upon which the attention of the Food Research Institute should be concentrated.

In the autumn of 1921, the trustees reached the conclusion that the interest of the public, no less than of the Institute itself, would be best advanced by an intensive investigation of a single commodity during the next two or three years. Wheat was chosen as the first commodity to be thus investigated, since it provides one-third of the food of our people. Other reasons for this choice lie in the fact that an unusual amount of information was accumulated by the United States Grain Corporation during the war concerning the production and marketing of wheat. In addition, the Institute was able to avail itself of close contacts with millers, grain handlers, and bakers, as a result of the control of these industries by the United States Food Administration during the war. Furthermore, the fact that wheat is non-perishable, and that in general the relations of the commodity to the needs of the world and the means by which these needs are met through production and distribution are simpler and more easily followed than those of any other commodity, as well as the particular importance of wheat in international trade, were added reasons for this selection. The provisional decision of the trustees was communicated to the Advisory Board and approved by it.

Following this decision, a number of investigations have been

promptly set in motion dealing with the various aspects of the part which wheat plays in the economy of the world and the necessity which its use imposes upon production and transportation. Among other subjects which are already under study are these:

1. The methods of crop ascertaining and reporting.
2. The relation of wheat grades to the utilization of the grain in milling and baking.
3. The cost of raising and marketing wheat.
4. Relations of wheat flour preparations to the national dietary and to the standard of living.
5. The flow of wheat in the commerce of the world.

It is a pleasure to the trustees of the Carnegie Corporation to report that Stanford University has taken up the work of the Institute in the most hearty and generous manner, and there is reason to believe that the outcome of these studies will be of the greatest importance to our own country and to the world.

An interesting feature of the work of the year 1921-22 has been the appointment of four fellowships in food research with stipends ranging from six to twelve hundred dollars. Holders of these fellowships are expected to devote not less than one-half of their time to research under the direction of the Institute and the rest of their time to study in related departments of Stanford University.

#### THE NATIONAL RESEARCH COUNCIL

One of the largest grants which the Carnegie Corporation has made is its gift to the National Academy of Sciences. The purpose of this grant and the cause which it undertakes to serve are of far-reaching importance.

For many years past, scientific men in America have been keenly alive to the fact that the coöperation between research men in the universities and the colleges and experts engaged in applying research in the industrial establishments was not



as intimate and as effective as it should be. One of the prime causes for the enormous development of industrial Germany during the last half century has been due to the intimate relation between scientific research in its universities and technical schools and the applications of this research in the arts and industries. To facilitate this coöperation there has gradually been developed the great laboratory at Grosslichterfelde, near Berlin—an enormous establishment operated by the government, in which those engaged in the arts, in engineering, and in the industries can be brought in touch with all the processes of pure research. It is highly desirable that in some way there be secured in the United States a more intimate coöperation between pure research on the one hand and the applications of research in the industries on the other.

At the outbreak of the war the need for coöperation became so pressing that, in an executive order issued by the President in May, 1918, a National Research Council was organized as a measure of national preparedness. The work accomplished by this Council in organizing research and in securing the coöperation of military and civilian agencies in the solution of military problems made a notable contribution of science to the winning of the war.

When the war ended, it seemed clear that the National Research Council might well become a permanent agency to stimulate research, to survey the larger possibilities of science, to promote a coöperation between the men in pure research and those engaged in the applications of science, and to secure coöperation between American and foreign investigators in all branches of scientific research.

The organization of the National Research Council has been effected through the National Academy of Sciences. The Academy was chartered by the national government in 1864. Its charter provides that the Academy shall, whenever called upon by any department of the government, investigate, examine,

experiment, and report upon any subject of science or art. At the time of the Civil War the committees of the Academy and its members dealt actively with military and naval problems of precisely the same nature as those which pressed for solution during the late war.

The Academy represents in the United States the counterpart of the highest scientific bodies in the older countries of Europe, such, for example, as the Royal Society of England and the Scientific Division of the Institute of France. On account of the great extent of our country, the Academy has not, in the period between the Civil War and the great war just finished, come to exercise so direct an influence upon the development of research and the stimulation of scientific interest as has been the case with the corresponding societies in England and in France. Indeed, the larger universities have done much more to stimulate research than has the National Academy of Sciences. Nevertheless, the Academy has chosen with discrimination the ablest men in the various branches of science for its members, and has established good relations with similar national academies throughout the world. It has a governmental relation and responsibility, and is, therefore, the most fitting agency to organize and direct the National Research Council. The essential problem that will need to be solved is the provision by the National Academy of adequate machinery whereby this supervision shall be effected wisely and successfully.

In February, 1919, the plan of perpetuating the National Research Council was laid before the trustees of the Carnegie Corporation. After full examination of all that was involved in this matter, the board of trustees of the Corporation, on February 21, 1919, resolved that it would place at the disposal of the National Academy of Sciences, for the purposes of the Academy and of the National Research Council, the sum of \$5,000,000 upon the following conditions:

- (1) A part of this sum, the amount to be agreed upon later



by the Corporation and the proposed beneficiary organizations, shall be devoted to the erection of a building suited to the needs of the Academy and of the Research Council, but the greater part of the sum mentioned shall constitute a permanent endowment in the hands of the Academy for the purposes of the Research Council.

(2) As a condition precedent to the appropriation of any funds for building purposes, a suitable site shall be provided from other sources.

(3) For the present, the Corporation will appropriate such annual sums for the use of the Research Council as may be deemed necessary for the rent of temporary quarters and for the expenses which may be agreed upon as necessary between the representatives of the Academy, of the Research Council, and of the Corporation.

(4) When a suitable site has been obtained, and a building plan has been agreed upon, which is satisfactory to the Academy and to the Research Council, and which has been accepted by the Corporation, the funds necessary for the erection of the building will be furnished as work progresses.

(5) After the building is paid for and ready for use, the Corporation will pay at the rate of four per cent per annum on such portion of the \$5,000,000 remaining as may be found necessary for the gradual development and permanent support of the work of the Research Council; and the Corporation will capitalize such remainder of the \$5,000,000 at such times as it may find convenient in view of its other obligations.

In accordance with these resolutions the National Research Council has been organized and has entered upon a permanent service. The Council is composed of approximately two hundred and fifty members. These members are grouped in thirteen divisions, six of which include general relations, such as foreign relations, federal relations, and the like; seven are divisions of science and technology. Each of the divisions of the Council has

a chairman, either resident in Washington or non-resident, and giving either full or part time service. The general officers of the Council are a chairman of the executive board, three vice-chairmen, a permanent secretary, and a treasurer who is the treasurer of the National Academy of Sciences. All funds of the National Research Council are held in the name of the National Academy. The detailed financial accounts of the Council are kept by a bursar, who works under the supervision of the treasurer.

The more important new projects and activities of the Council may be briefly referred to.

During the year, the plans and specifications for the new building in Washington to house both the Council and its parent body, the National Academy of Sciences, have been completed and approved by the Carnegie Corporation, by the National Academy, and by the Council. The building contract has been let and construction is now under way. The building is situated on the desirable block of land between B and C Streets and 21st and 22d Streets, the purchase of which site for about \$200,000 was made possible by gifts from twenty private donors. The cost of the building, which is to be met by the Carnegie Corporation from the five million dollars pledged by it, will be \$1,350,000. The plans call for a structure of great dignity and beauty as well as of practical utility, and the completed building, facing the Lincoln Memorial and its spacious and well-kept grounds, will be a notable addition to the monumental buildings of Washington. A view of the building is given at the beginning of this report.

During the past year, the Council has administered a series of medical fellowships, made possible by a gift from the Rockefeller Foundation and the General Education Board, of \$100,000 a year for five years. These fellowships are established for the purpose of advancing the standards of medical education and practice by helping to build up a body of well-trained medical teachers and investigators. The fellowships are administered by

a special board of eminent medical men under the general direction of the Council.

The Council is engaged in the preparation of critical tables of physical and chemical constants, a work most urgently needed, not only for the use of university and industrial laboratories in America, but also throughout the whole world, and that has been undertaken in response to the strong expression of this need by American chemists and physicists.

An important undertaking in physics that has gone on during the past year under the Council consists in the setting up of a number of special committees of physicists to prepare careful reports on various fields in physics, such as atomic structures, the quantum theory, thermo and magneto-electric effects, and the like. This work has been supported during the past three years by special gifts from the Rockefeller Foundation.

Another project that the Council has had under way has been an advisory board on highway research, supported by appropriations from the United States Bureau of Public Roads.

Under the sponsorship of the Council's Division of Engineering, a considerable number of projects, each in charge of a committee of experts, has been inaugurated. Among these, special attention may be called to research on fatigue phenomena in metals, carried on in coöperation with the University of Illinois, and made possible by an appropriation of \$30,000 by the Engineering Foundation and a gift of equal amount by the General Electric Company.

In order to bring together for common advantage and scientific study of crop pests, those most competent to deal with these subjects — such as the economic entomologists, plant pathologists, the manufacturers of insecticides, and the manufacturers of apparatus for spraying, dusting, and so on — the Council has assisted in the inauguration of a Crop Protection Institute, which held a successful first annual meeting in January of the present year. The Institute now includes 256 scien-



tific members, 25 industrial members, and 21 associate industrial members. This project is an immediate contribution to that coöperation between men engaged in pure research and men in the industries which the Council was inaugurated to promote.

Under the Council there have been inaugurated also a series of projects in connection with biology and agriculture, involving an investigation of the relations of flowers to insects, the part which color plays in insect visitations and the consequent cross-pollination, and many similar problems that affect both the financial interests and the health of great numbers of people.

The Committee of the Council's Division of Chemistry and Chemical Technology has been actively at work on a group of investigations, among others an investigation of explosives, which is now so far advanced that two or three reports are ready for publication.

Similarly, the Council is participating in studies in geology, anthropology, and psychology; in the surveys of state scientific organizations; and in a fruitful and interesting effort to establish international scientific relations.

As a means toward informing the public of the progress of this work, the Council has maintained a Research Information Service, through which there is furnished to the daily press, to magazines, and to other publications, simply written and clear statements of various scientific problems and their progress and solution.

It is the general policy of the Council to develop and to stimulate research work in all possible ways, to bring the research man of the university laboratory in touch with the technician in the industry, to have the most cordial and fruitful relations with universities and colleges, with practising engineers, and with industrial establishments, without in any way seeking to gather into its own hands the direction or control of research activities. The function and purpose of the Council is coöperative and stimulating, not a function of control or arbitrary supervision.

It is estimated that the building now in process of construction will be ready by the spring of 1923 and, when completed, it is the purpose of the Corporation to turn over to the Academy of Sciences, for the purposes of the Research Council, the remainder of the five million dollars which is to serve as an endowment for carrying on the work and activities of the Council. How fruitful and how important these activities are to be will depend upon the wisdom and judgment with which the National Research Council itself is organized and conducted. The members of the Council, drawn as they are from men of high qualifications, themselves engaged in research and in the industries, may well hope to make to American science and to American industry a contribution that shall be permanent and fruitful. The Carnegie Corporation, in devoting this large sum of money to the purposes of the Research Council, has acted in the confidence that the wisdom and devotion of American men of science, whether in the institutions of learning or in the industrial establishments, would be equal to the task of working out a sound scheme of coöperation and one that would lend itself to the larger interests of science and of the industries.

#### THE NATIONAL BOARD OF MEDICAL EXAMINERS

For some years, the Carnegie Corporation has interested itself in medical education, and has devoted considerable sums of money to it. In the main these have been appropriations to medical schools, and to various other organizations that have to do, not only with medical instruction, but with medical practice. There is in the United States a situation which confronts the well-trained young practitioner when he starts upon his practice, the tendency whereof is to limit the young physician or surgeon to practice in the state in which his medical education has been received. Each state has its own examining board for the admission of students to practice; and while certain states have a re-



ciprocity arrangement with other states whose medical examinations they consider to be of equal standing with their own, nevertheless a high tariff exists in most states against the physician or surgeon who desires to migrate from practice in one state to practice in another. An examination that admits to practice in one state is not valid in another. This situation is directly against the best interests of medicine and of medical practice. It is most desirable that the well-trained young physician should find the doors open in any part of the country without artificial restrictions.

This situation has for a long time been of great concern to thoughtful men in medicine, and was brought to the attention of the Carnegie Corporation as long ago as 1915. At that time, there was established a National Board of Medical Examiners, including the Surgeons-General of the Army, of the Navy, and of the Public Health Service, and physicians and surgeons of the best standing in civil life, not members of these organizations. This board has been holding examinations of the highest order for a number of years, and gradually it has acquired the confidence of the examining boards of various states. The following states now accept the certificate of the National Board in lieu of an examination:

Alabama	Minnesota
Arizona	Nebraska
Colorado	New Hampshire
Delaware	New Jersey
Florida	North Carolina
Georgia	North Dakota
Idaho	Pennsylvania
Iowa	Rhode Island
Kentucky	Vermont
Maryland	Virginia

—20

The certificate of the Board will also admit to the final examination of the Conjoint Examining Board of England and of the Triple Qualification Board of Scotland. Such progress has been made by the excellence of the examinations, the care with

which they are given, and the confidence that they have inspired, that it is now a question of only a few years until the examinations of this Board will be accepted by medical examining boards throughout the country. A single examination will thus admit the young physician or surgeon to practice in any state of the Union, a result not only wholesome in itself, but one that has a direct influence upon the distribution of well-trained men throughout the whole country. It is estimated by the Board that by 1926 four hundred candidates will take the examinations annually. A fee of \$100 for each of this number will fully meet the cost of maintenance of the Board. The Carnegie Corporation has, therefore, agreed to finance the Board for a period of five years, as follows:

For 1921	\$35,000	For 1924	\$10,000
For 1922	\$30,000	For 1925	\$5,000
For 1923	\$20,000		

It is believed by those in charge of the Board that by the year 1926 the Board will have so demonstrated its value that its expenses will be covered by the fees paid by candidates. This would seem to be a conservative hope in view of the fact that in the thirteenth examination of the Board, held from June 19 to June 23, 1922, one hundred and ninety-four candidates took Part I and seventy-nine Part II of the examination. There are now eight hundred and seventy candidates registered for examination. The Medical Board of the State of Washington has recently been added to the list of those accepting the certificate of the National Board, and conferences are being held with some ten or twelve other states with the expectation that all of these will within a short time accept the examination of the National Board of Medical Examiners for admission to practice in their respective states. The examination is now given in three parts, the subjects in each examination and the weight assigned to each subject being shown in the following table. No candidate can pass any

part of the examination if he has a mark below fifty per cent in one subject or below sixty-five per cent in two subjects.

<i>Part I</i>		<i>Part II</i>		<i>Part III</i>		<i>Summary</i>	
Anatomy	100	Medicine	75	Clin. Medicine	125	I	425
Physiology	75	Surgery	75	Clin. Surgery	125	II	225
Mat. Med. and		Obst. and Gyn.	50	Obst. and Gyn.	50	III	350
Pharmacology	75	Public Health	25	Public Health	50		
Pathology	75						
Phys. Chemistry	50						
Bacteriology	50						
Total	425		225		350		1000
75% equals	319		169		262		750

75% of Parts I and II equals 488; of Parts I, II, and III equals 750

#### THE POTTER METABOLIC LABORATORY AND CLINIC

The Corporation has granted during the past year two modest appropriations, the one of \$7500 and the other of \$8000, to research in the study and treatment of metabolic diseases, which have led already to results so interesting that they deserve more than passing mention.

In 1916, the late Dr. Nathaniel Bowditch Potter of New York laid before the Carnegie Corporation a project for research in the study and treatment of diseases arising from faulty metabolism and in particular of diabetes.

Dr. Potter called attention to the fact that in the ordinary hospital it was impossible to deal effectively with diabetic patients, and least of all with diabetic patients of limited means. This arises from the fact that such patients present cases where the treatment must extend over a long period. They require special dietary arrangements, and if they are to be helped back to a useful life, it is necessary to teach the patient himself the process of his own dietary. Dr. Potter further called attention to the fact that such research could be carried out successfully only if it

combined good laboratory facilities with the clinical service of a hospital in which patients were actually being treated.

The proposal which Dr. Potter made seemed to the trustees of the Corporation a distinct step in metabolic research and practice, and they accordingly agreed to make, over a period of three years, an appropriation of some \$7500 annually for the purposes of this research and study, provided \$20,000 was raised from other sources. The study was inaugurated by Dr. Potter at the French Hospital in the city of New York.

About a year after the study had begun, Dr. Potter was himself stricken with disease and found it necessary to go to a milder climate than that of New York. He settled in Santa Barbara, California. After some months there he became convinced that, owing to the mildness of the climate and its freedom from extremes of both heat and cold, the treatment of diabetic patients and their study could be admirably conducted in Santa Barbara, provided a proper building could be had for the purposes of a metabolic clinic in connection with a good hospital. Fortunately there was in the community a progressive hospital in the hands of intelligent trustees. Furthermore, public-spirited men on the board took keen interest in the problem that Dr. Potter proposed, and at a cost of some \$50,000 erected a building adjoining the Cottage Hospital admirably suited for the purposes of a metabolic clinic and laboratory. The Carnegie Corporation thereupon consented that such appropriation as it had made should be used for the continuation of the study on the new site. Dr. Potter gathered about him an admirable staff, and the work of research and of the treatment of diabetic patients has gone steadily forward, resulting in some notable advances. Dr. Potter himself directed the work of the clinic with the greatest zeal and devotion until his untimely death in July, 1919. The work of the clinic had by that time, however, become so firmly established, and the value of such a unit as related to a hospital had been so clearly demonstrated, that the project has been maintained, and is now



under the direction of Dr. W. D. Sansum, a colleague of Dr. Woodyatt of Chicago, who is an authority in metabolic diseases.

In the meantime there have been conducted in the Physiological Department of the University of Toronto, by Dr. J. J. R. Macleod, intensive studies on the internal secretion of the pancreas. It has long been known that some pathology of the pancreas is responsible for the disease of diabetes. Whenever the pancreas is removed completely a fatal diabetes follows, and the pancreas is the only gland whose removal brings about such a pathological condition.

The pancreas has also long been known to have a double secretion: one the pancreatic juice, which is a digestive agent whose action has been fully studied, and the other an internal secretion into the blood through certain vascular islets of tissue known as the Islands of Langerhans from the pathologist who first described them. Until recently, however, no experimenter had been able to isolate this secretion from the normal pancreatic tissue.

Dr. F. G. Banting, working in Toronto under direction of Dr. Macleod, came to the conclusion that the failure to do this could be accounted for on the basis that the external secretion of the pancreas destroyed the internal secretion before an extract could be made. By a very ingenious process he succeeded in extracting from pancreatic tissue, which had degenerated, a substance which, when injected into dogs suffering from diabetes, caused the diabetic symptoms to disappear, and prolonged their lives far beyond the limit which had before been possible. Dr. Banting and his associates were also successful in securing this substance from normal adult pancreatic tissue, and obtained in seven human cases of diabetes convincing evidences of the efficacy of this extract. Great difficulty, however, was experienced by Dr. Banting and his associates in the isolation of the extract from adult beef pancreas. The difficulties were so great that a publication and description of the method was withheld until the system of obtaining the extract could be perfected.

On account of the admirable facilities in the Potter Metabolic Clinic in Santa Barbara and the opportunity afforded by the close association of laboratory and hospital, Dr. Macleod and his associates most generously communicated to Dr. Sansum and his staff in Santa Barbara such full information as they had, and urged their immediate coöperation because of the urgent need for such an extract of the pancreas. With the information thus given by Dr. Macleod, the staff of the Potter Metabolic Clinic began strenuous efforts in the isolation of the internal secretion of the pancreas now known as Insulin. They were immediately successful, and within two months were able to secure a sufficient amount of Insulin to use on nine severe cases of diabetes. The results have been so significant that there can be no doubt of the great value of this substance in the treatment of diabetes.

The problem of the use of this agent is, of course, still in its infancy. The extract is given hypodermically twice a day. Other methods of administering it have not yet been found. So far as treatment has yet gone, a continuous administration of the extract is necessary, although apparently, as the patient's tolerance improves, a decreasing amount of the extract is needed. The *Journal* of the American Medical Association of October 21, 1922, editorially expresses the following opinion, which no doubt is a sound and wise statement: "The investigators are wisely withholding the product from general use while it is undergoing thorough trial by specially selected experts in metabolic diseases and in properly controlled hospitals."

The references to the new extract in the daily press have naturally been interpreted by patients who are ill with diabetes as having more significance than can be assigned to them at the present moment. The patient who hopes for relief from the use of this new agent should apply to those hospitals in which diabetic metabolism is most scientifically treated. Through an arrangement made with Dr. Macleod, there is being manufactured

in the United States at the present time a considerable quantity of Insulin which is available for the use of men who are properly trained and qualified to administer it.

At present Insulin is prepared at very great expense. Cheaper methods of production must be devised. A study of the intricate chemistry of the product will undoubtedly add materially to our knowledge of the oxidative processes going on in the body about which practically nothing is known at present. But the great gain seems to be that patients by the use of this new agent will not only be able to be sugar free, but will be able to have normal diets with the strength and health that can come alone from the use of such food.

The brilliant success of this study forms a source of the greatest encouragement to the trustees of the Corporation that their gifts may, if given with discretion, advance the cause of medical knowledge and thereby increase human happiness and usefulness. Mr. Carnegie had always in mind the desire to "find the efficient man and enable him to do his work." Not all research can show the important results which have come out of these investigations, but all patient, long-continued study adds, little by little, to the sum of knowledge; it enriches life, and it helps to turn away misfortune.

Not the least pleasing feature of this investigation lies in the admirable attitude in which two sets of investigators, each of whom has received modest help from the Carnegie Corporation, have coöperated toward a common end. It was a graceful and generous act on the part of Dr. Macleod and his colleagues to put at the service of the Potter Metabolic Clinic the full results of their important researches. This action is in entire consonance with the spirit and the purpose of true scientific research.



INVESTIGATION INTO THE FUNDAMENTALS OF  
UNEMPLOYMENT

The President of the United States, in September, 1921, brought together a Conference on Unemployment which, at that time, was a subject of great concern.

Arising out of the work of that Conference, a committee was appointed to study and to report upon the fundamental facts relating to unemployment and the relation of these facts to the economic and industrial needs of the country. The committee appointed by Secretary Hoover consisted of Mr. Owen D. Young, Chairman, Mr. Clarence Mott Woolley, Mr. Joseph H. Defrees, Mr. Matthew Woll, and Miss Mary Van Kleeck, together with Mr. Edward Eyre Hunt, Secretary. The committee was without funds, and if the study was to be of value, it was highly desirable that the work should be begun at once. Upon the recommendation, therefore, of Secretary Hoover, the Carnegie Corporation made a grant of \$50,000, which was the sum estimated to be sufficient to enable the committee to do its work.

The committee represents wide interests, and the sole object of its work is to procure the facts upon which an intelligent judgment may be had on questions affecting unemployment. The committee reports to the Corporation that the work has been prosecuted with great vigor, and that the report on the Fundamentals of Unemployment and Business Cycles will be promptly available to the public. The introduction to the report will be written by Secretary Hoover, and the report itself will be divided into two parts, first the committee's recommendations, second the technical report. It will cover such matters as the relation of unemployment to business cycles, the periodic fluctuations in employment, and the proposed remedies for such periodic fluctuations. The report will give exact information, such as we never before have had, as to the economic losses caused by fluctuating cycles in business and changes in the volume of employment between January, 1920, and March,



1922, and of the effect of unemployment upon the worker and his family. It will deal in a scientific manner with the various kinds of remedies that are proposed for such fluctuation and for the stabilizing of work in the various industries. It is hoped that this report may furnish the basis for such knowledge of the causes of these periodic fluctuations as may diminish, in some measure at least, the resulting disturbances and crises.

A PERMANENT ORGANIZATION  
FOR THE IMPROVEMENT OF THE LAW

The Carnegie Corporation, on the 24th of May, 1922, made an appropriation of \$25,000 for the work of a committee on the establishment of a permanent organization for the improvement of the law.

For years past, thoughtful judges and practitioners of the law have been greatly concerned over the enormous complications with which the practitioner of law in the United States must deal. Not only does the national Congress enact each decade a vast number of laws, but every state legislature is engaged, year after year, in adding thousands of other statutes which may in their ultimate effect touch any citizen in the United States. It is becoming increasingly difficult for the ablest lawyers to deal with this immense mass of statutes. The task of the English lawyer in ascertaining the law is simple compared with that of his American brother.

Unfortunately, this growing load of statutory law and the inherent complexities and uncertainties which it produces tend to make the administration of justice constantly slower and more difficult. There is to-day no higher duty before legislators, lawyers, judges, and men conversant with large public policy than to work wisely and effectively for a simplification of the law. Unless some relief from the enormous burden of statute-making can be had, there is danger that the whole process of the adminis-

tration of justice throughout the country will break down owing to the very complexity of the legal enactments themselves.

The proposed organization for the improvement of the law is an effort to unite the labors of the ablest legal minds in the attempt to deal with this situation. The committee having the matter in charge will expend the small appropriation made by the Corporation in a preliminary study to ascertain the nature of the emergency itself, secondly to impress upon the law-making bodies and upon the courts the grave necessity that has arisen for simplification, and finally to recommend a procedure for restating the law with a view to its classification, simplification, and adaptation to the needs of life.

In making this grant the trustees of the Corporation are themselves highly impressed with the belief that no more important fundamental work can be done in America to-day than that which this organization hopes at least to begin. The fathers of our country planned with great wisdom the institutions of our nation. It was impossible for them to foresee all the complications that would arise through the law-making activities of forty-eight sovereignties. The situation that has come about is an entirely natural one in view of the unrestricted powers of all these commonwealths in the passing of statutes. If the law is to be simplified and adapted to the needs of the nation and of each state, it is not only requisite that there shall be sound grasp of the fundamentals of the law and of the principles to be observed, but it is necessary also that there shall be developed among law-making bodies a sense of responsibility that shall place some curb on the infinite multiplication of statutes.

#### THE AMERICAN SCHOOL OF CLASSICAL STUDIES AT ATHENS

The American School of Classical Studies at Athens, founded in 1881, has gradually grown to be a most promising agency for the cultural training of American students. The School was

established by the Archaeological Institute of America, and is supported by the coöperation of twenty-seven of the leading American universities and colleges. Each of these chooses a member of the managing committee, and from these institutions is chosen annually a professor who gives instruction at the School. The student body consists of graduates, chiefly of the coöperating institutions, who are engaged in study or research in Greek literature, art, or antiquities. Excavation is conducted under the supervision of the Director, and the literary productions of the students and fellows are published from time to time by the School.

There has been some question in the minds of those who conduct American colleges and universities as to the desirability of developing foreign schools for American students in the old cultural centres of Athens and Rome. To one who has followed the work of these schools there can be little doubt that they have become, and will increasingly prove to be, cultural additions to our American university life such as could be had in no other way. To the student of Greek history, of Greek art, and of Greek civilization, no work done either in the oldest of American universities or even in the great museums of Europe can bring so vivid a sense of what Greece has meant to the world and of the part the Greek language and literature has played in civilization, as one or two years spent at the ancient seat of that civilization. It has seemed, therefore, to the trustees of the Carnegie Corporation that they might well help such an institution as the American School of Classical Studies at Athens, which, while it is situated in a foreign country, is nevertheless an American agency and is intended for the training of American scholars.

Following an examination of the work of this School, and on the recommendation of President Angell, a grant was made by the Corporation in 1921 of \$100,000 for the purposes of endowment, conditioned upon the trustees of the institution raising an additional \$150,000.



In the spring of 1922, and somewhat out of the ordinary course of procedure which they follow, the trustees of the Corporation decided to make an additional grant under circumstances which seemed to them extraordinary. These lay in the fact that a distinguished citizen of Greece had offered to the American School of Classical Studies at Athens a most valuable collection of books, manuscripts, and other articles pertaining to Greek history, Greek literature, and Greek art, on condition that proper housing and care be provided. The particulars of this offer are as follows:

The donor is Mr. Johannes Gennadius, a distinguished scholar and diplomat, born in Athens in 1844, the son of George Gennadius, the illustrious patriot and eminent man of letters, organizer of the educational system of Greece. Mr. Johannes Gennadius has spent his life in the diplomatic service of his country. Beginning as Secretary of Legation in Constantinople in 1871, he was transferred in 1874 to London, accompanying the Greek delegation to the Congress of Berlin in 1878. In 1882 he was transferred to Vienna, whence he returned as Minister to London in 1885. In 1888 he came on a special mission to Washington, returning again as Minister to London in 1889. After an interval of some years he was reappointed Envoy Extraordinary and Minister Plenipotentiary to London in 1910, was Greek Delegate to the Peace Conference after the first and second Balkan wars in 1912 and 1913, and, having passed the age-limit fixed by law, retired after the Armistice of 1918 as the Dean of the Greek Diplomatic Service. The Government conferred upon him the permanent title of Envoy Extraordinary and Minister Plenipotentiary of the First Class, and also the Grand Cross of the Royal Order of George I. Mr. Gennadius has received high honors also from the British Government, the Government of the Netherlands, of France, and of other countries. For his work as a scholar he has received the D.C.L. from Oxford University and the LL.D. both from Cambridge and St. Andrews, and is a member of the British Royal Society



of Literature and of various other learned societies. Mr. Gennadius has written extensively for magazines and reviews concerning aspects of archaeology, history, and the progress of education in Greece. He has been considered an authority in these matters for many years.

The whole library which Mr. Gennadius and his father have been able to bring together after fifty years of collecting, comprises between forty-five and fifty thousand volumes and pamphlets. All the works forming this collection refer in one way or another to Greece,—ancient, Byzantine, and modern,—its history, geography, language, literature, art, archaeology, and its general relation to the civilization of Europe. It includes a superb set of the first editions of the Greek classics, including an especially fine copy of the first edition of Homer, of the first and most rare editions of the Greek Scriptures, of the Greek Fathers, and of Greek literature. It includes also fine copies of the Byzantine writers as well as those of the great travellers in Greece and the Levant, illustrated works on Greek archaeology, the earliest and rarest works of modern Greek literature, an exhaustive series of works on the Greek language, and some of the rarest volumes on modern Greek history, including rare Greek periodicals and other pamphlets now almost impossible to obtain. In a word, this library constitutes the most complete extant collection of literature on Greece as a whole. The series of pamphlets relating to Greek and Eastern affairs is unique.

The books are bound, with very few exceptions, by the best English and French binders, and the whole collection is in a condition to be used by scholars in the most effective manner. That Mr. Gennadius desired to give this library into the custody of American scholars is not only an act of the greatest generosity on his part, but also an admirable testimony to his admiration for America and his belief that, in the hands of American scholars, the precious collection which he has brought together will at all times be made available to the scholars of the world.

The principal conditions attached to the gift were that the library should be kept intact, that it should be known as the GENNADEION, in honor of his father, George Gennadius, whose memory is held in great veneration by his countrymen, and that in addition a suitable building should be provided to house the library and a competent librarian, especially trained in bibliography, should be appointed as custodian.

It was estimated that, in order to provide such a building together with suitable quarters for the custodian, there would be necessary a fund of \$200,000 in addition to the land upon which the building was to be erected. This site the Greek Government graciously presented to the American School of Classical Studies. The trustees of the Carnegie Corporation thereupon unanimously resolved to appropriate the sum of \$200,000 for the purposes of the library and its maintenance. This action was announced by the chairman of the board of trustees, Mr. Elihu Root, to the Prime Minister of Greece in the following letter:

*June 6, 1922*

HIS EXCELLENCY, THE PRESIDENT  
OF THE MINISTERIAL COUNCIL OF THE  
KINGDOM OF GREECE.

SIR: I have the honor, on behalf of the trustees of the Carnegie Corporation, formally to make known to Your Excellency and your Associates of the Ministerial Council, that the Carnegie Corporation has voted an appropriation of \$200,000 to the American School of Classical Studies at Athens for the erection of a building to accommodate the Library and Collections which His Excellency, Mr. Johannes Gennadius, citizen of Greece and Doyen of the Greek Diplomatic Service, has recently presented to the School.

The Corporation was moved to make this contribution, not only by its deep interest in the American School, which we are happy to think worthily represents American scholarship in the capital of Greece, but also by the desire to make prompt and adequate recognition, on the part of America, of the remarkably generous, public-spirited, and enlightened act of Mr. Gennadius. We cordially sympathize with his two-

fold purpose—both to enrich the scholarly resources of his native country for the use and benefit of the scholars of all nations who resort to Athens for the study of the Hellenic civilization, and at the same time to promote and confirm the long time friendship between the peoples of Greece and the United States of America by means of a visible monument in Athens and a continuing and beneficent stream of influence flowing from his foundation. We trust and believe that this purpose will be realized.

I take this occasion to express to Your Excellency appreciation of the fine spirit of coöperation which the Greek Government, on its part, has manifested in undertaking to assist the American School to procure, as a site for the Gennadius Library, the tract of land adjacent to the present property of the School. It was with full knowledge of your generous action, and in the confident belief that it would speedily be crowned with success, that our Trustees have made the grant for the erection of the building.

Accept, Excellency, the assurance of my distinguished consideration.

Sincerely yours,

(Signed) ELIHU ROOT,  
*Chairman of the Board of Trustees.*

## THE TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

THE Carnegie Corporation in 1917 voted \$1,000,000 for the purpose of providing a generous surplus for the Teachers Insurance and Annuity Association. It made this grant upon condition that the income from this surplus shall be used for the payment of the overhead charges of the company, and that in case these overhead charges should exceed, as in time they will, the income provided by this surplus, the Carnegie Foundation out of its resources shall provide such additional sums as are needed for the overhead charges of the Teachers Insurance and Annuity Association.

By virtue of this payment, the Carnegie Corporation became the owner of the whole of the non-interest bearing capital stock



of the Teachers Insurance and Annuity Association, thereby giving the Corporation complete control of the Association. The trustees of the Corporation in accepting this trust passed a resolution to the effect that as soon as a representative body of policy-holders shall have been formed among the college teachers of the United States and Canada, the trustees would, by appropriate action, designate certain teachers to represent the policy-holders on the board of trustees of the Association.

This arrangement has now been inaugurated. The policy-holders have by their own vote adopted machinery through which a nominating committee is elected and names are submitted to the Corporation for four of the sixteen trustees of the Association. This is a unique situation in the control of insurance companies of the United States. In so-called mutual companies the policy-holders have a nominal right to vote for directors. As a matter of fact, this privilege carries with it no real significance. A newspaper notice published in a distant paper of the annual meeting of the directors of a mutual insurance company to be held in two weeks forms an impossible basis upon which hundreds of thousands of policy-holders might be expected to coöperate.

In voting this large sum of money to the Teachers Insurance and Annuity Association, the trustees of the Corporation brought to a successful conclusion one of the earliest projects of Mr. Carnegie and one very near his own heart — that is to say, a practical plan by which old age annuities and low cost life insurance policies might be brought within the reach of all college and university teachers. The Teachers Insurance and Annuity Association, worked out with the help of the best expert advice in America, is the most complete solution of this problem that has been attempted; and the experience of three years has demonstrated that it completely fills the needs of the teachers of the United States and Canada. In simple terms the essentials of any plan are the following:



Insurance is a duty of the individual. To enable him to protect himself, policies suited to his needs should be provided, and these policies should be at such reasonable cost as to bring them within his financial ability to pay. The insurance policies of the Teachers Insurance and Annuity Association of America completely meet these conditions as there is no overhead cost. Every cent of money paid in by the policy-holder is at once invested for his benefit and begins to accumulate the moment the first premium is paid, an entirely different situation from that which takes place when the first premium of a policy-holder is paid to a commercial company. In the matter of old age annuities, the teacher needs first of all a contract; secondly, he desires that the annual payments to be made upon this contract shall be in proportion to his salary; and finally, that the policy shall continue to be at his disposal whether he migrate from one college to another, or whether he, in the course of time, shall leave teaching altogether. As a matter of social experience, the old age annuity is a joint obligation upon the teacher and his employer, the college, and the most satisfactory arrangement that can be devised is that under which payments are made by each.

The success of the Teachers Insurance and Annuity Association during the three years of its existence has been most gratifying. Its assets increased during the past year by 31 per cent and its premium account by 90 per cent. The Association has 2079 policy-holders, for whom 1169 annuity contracts and 1119 life insurance policies have been written. These are distributed among 355 institutions in the United States and Canada, of which 78 universities and colleges have arranged to cooperate with their teachers in the payment of premiums upon annuity contracts. As this goes to press in October, the total number of insurance and annuity contracts amounts to 2694, which provide \$7,928,416 of insurance and a total annuity of \$1,496,174.

The standard annual publication dealing with life insurance

companies is *Best's Life Insurance Reports. Best's Annual* for 1922-23 contains the following statement touching the enviable position already attained by the Teachers Insurance and Annuity Association:

The company has most substantial backing. Its board of directors include men of world-renowned reputation. It is ably managed, solely in the interests of its policy-holders. It is controlled by its stockholders, but not for their profit. It has had a steady and persistent growth. It has an ample surplus. Its investments are remunerative, and consist mainly of high class bonds. The management expenses are extremely low. The mortality rate is very low. Death claims are most promptly paid. Its policy contracts, while complying with the requirements of the State of New York, are planned to suit the circumstances of the teacher's salary and needs, and are issued at cost without overhead charges.

While all the policies are issued upon the non-participating basis, the stockholders of the company are prohibited by charter from receiving any profit on the enterprise; therefore the company is distributing surplus to policy-holders.

HENRY S. PRITCHETT  
*Acting President*

PART II  
SUMMARY OF EXPENDITURES MADE BY THE  
CARNEGIE CORPORATION





## PART II

### SUMMARY OF THE EXPENDITURES MADE BY THE CARNEGIE CORPORATION

FROM THE DATE OF ITS CHARTER, JUNE 9, 1911, TO THE CLOSE OF  
THE FISCAL YEAR ENDED SEPTEMBER 30, 1922

THE succeeding statement gives a summary of the disposition which the trustees have made of the income of the Corporation during the whole period of its existence. Until 1919, Mr. Carnegie was president of the board. Upon his death, the board was reorganized so as to provide a chief executive officer to be called the president, and the office of chairman of the board was created. Mr. Elihu Root has filled this office since its establishment.

The constitution of the Corporation provides for ten trustees, of whom six are *ex-officio*, namely, the presidents of the Carnegie Institute of Pittsburgh, of the Carnegie Institution of Washington, of the Carnegie Foundation for the Advancement of Teaching, of the Carnegie Hero Fund Commission, of the Carnegie Endowment for International Peace, and of the Carnegie Corporation. The remaining four trustees are elected for terms of five years by the board. The present treasurer and the present secretary of the Corporation are not *ex-officio* trustees, but by the constitution are designated as trustees for life.

At present there are two vacancies on the board, one due to the fact that a president of the Corporation has not been chosen, the other<sup>1</sup> to the death of Charles L. Taylor on February 3, 1922. Mr. Taylor was President of the Hero Fund Commission, and as such was one of the original members chosen by Mr. Carnegie to form the board of trustees of the Corporation. For ten years he was an active and interested member of the board.

<sup>1</sup> The trustees of the Carnegie Hero Fund Commission on November 3, 1922, elected Dr. William J. Holland of Pittsburgh to be president of the commission, and therefore an *ex-officio* trustee of the Carnegie Corporation.

In accordance with the direction of the founder, the trustees have received an annual payment of \$5000 each for their services.

The board of trustees may, by amendment of its constitution, increase the number of its trustees.

Since its inception in 1911, the board of trustees has held thirty-eight meetings.

The officers of the board are a chairman, a vice-chairman, a president, a secretary, and a treasurer. The duties of these officers are defined in the constitution. There is an executive committee consisting of the chairman, the president, and three other trustees chosen by the board. At the present time, the chairman, the acting president, the treasurer, and the secretary constitute the executive committee. The payments of grants made by the trustees are effected through the treasurer's office upon notification to him from the president that all conditions imposed by the board have been met.

Among the agencies of civilization and advancement included by Mr. Carnegie in the scope of his benefaction were the five organizations he had already created before the establishment of the Carnegie Corporation. He designated the heads of these five institutions as *ex-officio* members of the board of trustees of the Corporation, and it was his intention that the Corporation should assist these institutions in such measure as their reasonable demands justified. His desire was that the Corporation should have always a sympathetic and yet a critical attitude toward these children of his intellectual and spiritual aspirations. In accordance with his wishes, all of these institutions, with the exception of the Carnegie Hero Fund Commission, have applied to the Corporation for grants and have been assisted to an amount indicated in the tabulation given below.

Two of these foundations—the Carnegie Institute of Pittsburgh and the Carnegie Foundation for the Advancement of Teaching—have called upon the Corporation for extraordinary grants, the reasons for which require a brief explanation.

The Carnegie Institute of Pittsburgh, the oldest of the foundations established by Mr. Carnegie—intended by him as a tribute to the city where he had been active in business—includes at the present time four main divisions—an institute of technology, with an attendance of some 4000 students, a museum of fine arts, a museum of natural history, and a public library including a library school.

The Carnegie Institute of Technology has had an astonishing development. It was instituted in 1905 as a school of technical training for men and women in the trades. It was Mr. Carnegie's intention that the school should serve the local needs of the great community of Pittsburgh by offering to the sons and daughters of those who wrought in the industries of that city the opportunities for training in the various trades in which it was interested. There has always been a tendency in the United States for such institutions to develop into colleges of higher education, and this tendency was very quickly manifested by the Technical School, as it was first called. The school rapidly grew into an institution of college grade, and in 1912 assumed the name, The Carnegie Institute of Technology. Since that time its development has been steadily toward higher education, and the admirable facilities which were provided in the laboratories of the Institute have drawn to its classes a large body of students outside of Pittsburgh. The cost of this development has necessarily been great. During Mr. Carnegie's lifetime, he supplied generously the funds asked for by the trustees of the institution, and following his death, the Carnegie Corporation has contributed large sums to the uses of the school. During the year 1921, President Angell reviewed the whole situation and agreed by authority of the trustees of the Corporation that, assuming certain conditions complied with, the Corporation would make a grant of funds extending over a period of years which may in the end amount to more than seventeen millions of dollars, and that this grant from the Corporation should be under-



stood to have completed Mr. Carnegie's gift to the Carnegie Institute of Pittsburgh, such applications as might be considered by the Corporation in the future to be upon the basis of the general purposes of the Corporation for the increase and diffusion of knowledge.

When the Carnegie Foundation was incorporated, in the spring of 1906, there was no conception of a pension plan in the minds of Mr. Carnegie and of his trustees, except that of a free payment of pensions to college teachers from the income of the endowment. This, in fact, was the universal notion existing throughout the world as an ideal for pension systems for colleges.

Within a few years the defects of this conception became evident. It is one thing to offer a full-paid pension to a teacher grown old in the service. It is quite another thing to promise a pension to the young man of twenty-five, thirty-five, or forty years of age. Both Mr. Carnegie and his trustees soon realized that the tendency of the free pension system was to diminish the sense of responsibility and the notion of thrift.

Furthermore, experience showed that a pension founded upon actuarial computation of future salaries was insecure, and that expenditures tended constantly to outrun any reasonable calculation. It was, therefore, necessary to devise a system of retiring allowances that should be free of both social and financial defects.

With the assistance of the best experts of England and America a coöperative system of old age annuities (known as the Teachers Insurance and Annuity Association of America) was worked out to take the place of the pension system, and was inaugurated in April, 1918.

The Carnegie Corporation appropriated one million dollars to form a capital and surplus of the Association, which is chartered under the insurance laws of the State of New York.

In order to provide a generous fulfilment of the expectations



of the six thousand college teachers who, under the first rules of the Foundation, were admitted to the privileges of pensions, the Carnegie Corporation appropriated approximately eleven millions of dollars over a series of years to form reserves with which to liquidate the expectations of the teachers who had been admitted to pension privileges. These reserves, together with the income devoted to that purpose by the Carnegie Foundation, will enable the Foundation to expend in the next thirty years over forty millions of dollars in satisfaction of these expectations, a sum which will give to every teacher admitted under the former rules a generous retiring allowance.

The aid of the Corporation has, therefore, enabled the Carnegie Foundation for the Advancement of Teaching not only to carry out the generous purposes of Mr. Carnegie toward the college teachers of his day, but also to do what is far more important, namely, to work out completely, under the best expert advice, a system of insurance and old age annuities for college teachers that is feasible, secure, and adapted to the circumstances of the teacher's life. Under this arrangement any teacher in any college of the United States and Canada, without regard to denominational or state affiliations, may protect himself and his family against the hazards of his premature death or of dependence in old age, and this may be done within the limits of his own moderate pay. The result makes not only for the security of the teacher, but for his independence, his self-respect, and his freedom.

The following statement includes all payments made by the treasurer, under the authority of the trustees of the Corporation, from its inception in 1911 up to and including September 30, 1922. As a charitable institution the Corporation is exempt from taxation.

## THE CARNEGIE CORPORATION

## SUMMARY OF EXPENDITURES

MADE FOR VARIOUS PURPOSES BY THE TREASURER OF THE  
CARNEGIE CORPORATION OF NEW YORK FROM THE ESTABLISHMENT  
OF THE CORPORATION IN 1911 TO AND INCLUDING  
SEPTEMBER 30, 1922

	DECADE 1911-21	PER CENT	TOTAL 1911-22	PER CENT
Carnegie Institutions	\$21,929,306.60	41.6	\$23,415,031.60	40.5
Public Library Buildings	11,612,147.23	22	12,292,549.48	21
Colleges and Universities ( <i>except research</i> )	6,826,053.37	13	8,357,515.95	14.5
Educational Agencies engaged in War Service	3,145,000.00	6	3,145,000.00	5.5
Church Peace Union	2,125,000.00	4	2,125,000.00	3.7
Various Civic, Social, and Educational Agen- cies	1,512,224.04	2.9	1,855,184.02	3.2
Church Organs	1,716,227.24	3.3	1,717,727.24	2.9
Research ( <i>including research at schools and colleges</i> )	767,757.24	1.5	1,511,732.28	2.6
Teachers Insurance and Annuity Association	1,026,621.30	1.9	1,026,621.30	1.8
Administration	845,821.79	1.6	966,915.00	1.7
Secondary Schools	577,325.00	1.1	919,075.00	1.6
Pension Systems	474,744.87	.9	474,744.87	.8
Simplified Spelling Board	110,000.00	.2	110,000.00	.2
Administrative Investigations	16,516.24		21,749.79	
Total	\$52,684,744.92	100	\$57,938,846.53	100

The above distribution is complete and presents but one clas-  
sification of each expenditure. In order to show the broader pur-  
poses that the Corporation has served, the items have been re-  
arranged under various headings, the most important of which  
are given below. The percentages given are of the total expend-  
itures.

	DECADE 1911-21	PER CENT	TOTAL 1911-22	PER CENT
Library Interests	\$12,660,491.55	24	\$13,465,712.55	23
Public library buildings; college and university libraries; library schools; private library gifts.				
Pension Systems and Teachers Insurance	12,177,428.81	23	12,977,428.81	22.4
Pension division of Carnegie Foun- dation; Teachers Insurance and An- nuity Association; Church Pension Fund; N. Y. Zoölogical Society Pen- sion Fund.				

## SUMMARY OF EXPENDITURES

75

	DECADE 1911-21	PER CENT	TOTAL 1911-22	PER CENT
Natural Science: Buildings, Research, and Instruction Technical schools, including Carnegie Institute of Technology; Carnegie Institution of Washington; National Academy of Sciences; scientific research except medical.	\$8,935,400.48	16.9	\$9,984,852.43	17.2
General Higher Education Endowments, buildings, and annuities, for colleges and universities.	3,502,788.96	6.6	4,723,001.54	8.1
Art, Archaeology, and Music Carnegie Institute; church organs; American schools at Rome and Athens; local organizations.	3,648,102.07	6.9	3,756,952.69	6.5
Medical Education and Public Health Buildings and endowment for medical schools; medical research; health organizations.	2,902,160.71	5.5	3,266,785.71	5.6
Promotion of International Peace Church Peace Union; Carnegie Peace Endowment.	2,546,000.00	4.8	2,546,000.00	4.4
Education: Research and Professional Interests Enquiry division of the Carnegie Foundation; teachers colleges and normal schools; educational research; local boards and associations.	1,475,833.34	2.8	1,526,179.39	2.6
Industrial Education Agricultural and industrial institutes; Safety Institute; industrial research; educational work of industrial organizations.	509,425.00	<1	906,175.00	1.5
Negro Education Negro schools and institutes—Hampton, Fisk, Meharry, Tuskegee; negro research and educational associations; Slater Fund.	375,700.00	<1	904,325.00	1.3





CARNEGIE CORPORATION OF NEW YORK  
ANALYSIS OF ANNUAL EXPENDITURES SINCE ESTABLISHMENT, 1911

<i>Expenditures</i>	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	NET TOTAL DECADE 1911-1921	1922	NLT TOTAL 1911-1922
ADMINISTRATION	\$305.47	\$55,544.33	\$66,385.89	\$66,026.55	\$71,857.12	\$83,980.74	\$88,066.52	\$84,075.57	\$122,816.64	\$206,762.96	\$845,821.79	\$121,093.21	\$966,915.00
(a) Administration Proper	305.47	48,044.33	66,385.89	66,026.55	71,857.12	79,319.05	87,288.53	84,075.57	122,816.64	193,220.76	819,339.91	119,499.41	938,839.32
(b) Legal Services	.....	7,500.00	.....	.....	.....	4,661.69	777.99	.....	.....	13,542.20	26,481.88	1,593.80	2,807,568
ADMINISTRATIVE INVESTIGATIONS	.....	.....	.....	.....	3,171.81	3,805.64	1,227.12	27.58	52.00	8,232.09	16,514.24	5,233.55	21,749.79
CARNEGIE INSTITUTIONS	.....	2,813,333.34	577,500.00	3,007,326.40	1,153,729.17	998,500.00	3,988,729.67	3,818,916.67	3,531,333.35	2,039,938.00	21,929,306.60	1,485,725.00	23,415,031.60
Carnegie Institute of Pittsburgh	.....	1,557,500.00	577,500.00	3,007,326.40	1,053,729.17	738,500.00	573,729.67	170,000.00	448,000.00	839,938.00	8,666,223.24	68,572.50	9,651,948.24
Carnegie Foundation for the Advancement of Teaching	.....	1,255,833.34	.....	.....	100,000.00	100,000.00	3,225,000.00	3,452,916.67	2,833,333.35	800,000.00	11,767,083.36	800,000.00	12,567,083.36 <sup>3</sup>
Carnegie Institution of Washington	.....	.....	.....	.....	.....	160,000.00	190,000.00	150,000.00	150,000.00	150,000.00	800,000.00	.....	800,000.00
Carnegie Peace Endowment	.....	.....	.....	.....	.....	.....	.....	46,000.00	100,000.00	250,000.00	396,000.00	.....	396,000.00
CHURCH PEACE UNION	.....	.....	100,000.00	2,000,000.00	.....	25,000.00	.....	.....	.....	.....	2,125,000.00	.....	2,125,000.00
TEACHERS INSURANCE AND ANNUITY ASSOCIATION	.....	.....	.....	.....	.....	164,812.62 <sup>1</sup>	1,026,621.30	.....	.....	.....	1,026,621.30 <sup>2</sup>	.....	1,026,621.30 <sup>2</sup>
SIMPLIFIED SPELLING BOARD	.....	.....	25,000.00	20,000.00	30,000.00	10,000.00	15,000.00	.....	.....	.....	110,000.00	.....	110,000.00
PUBLIC LIBRARY BUILDINGS <sup>5</sup>	2,000.00	1,516,527.20	2,219,357.39	1,857,786.27	1,566,952.49	1,197,268.80	1,898,620.17	418,431.35	340,090.50	609,495.51	11,612,147.23	680,402.25	12,292,549.48
United States	2,000.00	1,238,991.09	1,853,947.99 <sup>1</sup>	1,681,737.27	1,456,453.39	1,163,035.94	1,886,748.17 <sup>1</sup>	404,981.35	340,090.50	578,657.38	10,592,260.63 <sup>2</sup>	623,256.13	11,215,516.76 <sup>2</sup>
Foreign	.....	277,536.11	365,409.40	176,049.00	110,499.10	34,232.86	11,872.00	13,450.00	.....	30,838.13	1,019,886.60	57,146.12	1,077,032.72
CHURCH ORGANS <sup>5</sup>	25,968.61	393,819.40	320,336.98	352,326.66	222,965.17	196,048.12	150,356.00	25,181.30	13,700.00	15,525.00	1,716,227.24	1,500.00	1,717,727.24
United States	24,809.50	229,304.00	299,685.00	316,409.50	215,779.00	193,553.12	147,071.00	22,992.50	13,700.00	15,525.00	1,478,328.62	1,500.00	1,480,328.62
Foreign	1,159.11	164,515.40	20,651.98	35,917.16	7,186.17	2,495.00	3,285.00	2,188.80	.....	.....	237,398.62	.....	237,398.62
COLLEGES AND UNIVERSITIES (except research)	.....	597,964.99	982,149.17	397,167.59	180,506.27	179,128.92	1,031,750.00	1,219,042.68	1,174,250.00	1,064,093.75	6,826,053.37	1,531,462.58	8,357,515.95
Endowment	.....	310,000.00	893,000.00	332,727.59	45,000.00	118,000.00	850,000.00	1,083,333.33	1,100,000.00	825,000.00	5,557,060.92	1,030,000.00	6,587,060.92
Current Expenses	.....	13,000.00	23,666.67	5,000.00	17,000.00	43,500.00	25,750.00	45,083.33	19,250.00	131,093.75	323,343.75	227,125.00	550,468.75
Land, Buildings, and Equipment	.....	274,964.99	65,482.50	59,440.00	118,506.27	17,628.92	156,000.00	90,626.02	55,000.00	108,000.00	945,648.70	274,337.58	1,219,986.28
SECONDARY SCHOOLS	.....	86,000.00	40,700.00	17,000.00	67,000.00	63,500.00	169,000.00	17,500.00	61,500.00	55,125.00	577,325.00	341,750.00	919,075.00
Endowment	.....	50,000.00	18,500.00	25,000.00	25,000.00	.....	100,000.00	.....	.....	20,000.00	312,500.00	.....	526,000.00
Current Expenses	.....	17,500.00	17,000.00	17,000.00	17,000.00	37,000.00	18,500.00	17,500.00	51,500.00	33,125.00	226,125.00	29,250.00	255,375.00
Land, Buildings, and Equipment	.....	18,500.00	5,200.00	25,000.00	25,000.00	26,500.00	50,500.00	.....	10,000.00	2,000.00	137,700.00	.....	137,700.00
RESEARCH (including research at schools and colleges)	.....	.....	.....	7,000.00	.....	.....	68,868.98	200,411.58	210,432.66	275,009.96	767,757.24	743,975.04	1,511,732.28
EDUCATIONAL AGENCIES ENGAGED IN WAR SERVICE	.....	.....	.....	.....	.....	795,000.00	1,200,000.00	1,150,000.00	.....	.....	3,145,000.00	.....	3,145,000.00
PENSION SYSTEMS (exclusive of the Carnegie Foundation)	.....	.....	100,000.00	.....	50,000.00	324,744.87	.....	.....	.....	.....	474,744.87	.....	474,744.87
VARIOUS MINOR GRANTS	.....	101,045.00	149,825.00	204,500.00	80,250.00 <sup>1</sup>	101,000.00	104,821.16	168,294.09	272,028.84	330,659.95	1,512,224.04 <sup>2</sup>	342,959.98	1,855,184.02
GROSS EXPENDITURES	\$28,274.08	\$5,574,234.26	\$4,581,254.43	\$7,922,133.47	\$3,433,232.03	\$4,148,823.77	\$9,743,060.92	\$7,101,880.82	\$5,726,203.99	\$4,604,842.22	(\$52,864,139.99)	\$5,254,101.61	(\$58,118,241.60)
REFUNDS	.....	.....	1,882.45	.....	200.00	164,812.62	12,500.00	.....	.....	.....	(179,395.07)	.....	(179,395.07)
NET EXPENDITURES	\$28,274.08	\$5,574,234.26	\$4,579,371.98	\$7,922,133.47	\$3,433,232.03	\$3,984,011.15	\$9,730,560.92	\$7,101,880.82	\$5,726,203.99	\$4,604,842.22	\$52,684,744.92	\$5,254,101.61	\$57,938,846.53

<i>Income</i>													
TOTAL RESOURCES (including refunds) <sup>4</sup>	2,254,082.72	8,238,876.40	8,897,437.08	10,605,120.12	8,954,247.57	11,878,704.82	14,114,188.90	10,399,074.76	9,320,664.46	9,679,376.95	59,014,027.02	11,239,161.93	65,480,543.28
SURPLUS (deducting gross expenditures)	2,225,808.64	2,664,642.14	4,316,182.65	2,682,986.65	5,520,815.54	7,729,881.05	4,371,127.98	3,297,193.94	3,594,460.47	5,074,534.73	6,149,887.03	5,985,060.32	7,362,301.68
ALLOCATED TO RESERVE	.....	.....	.....	.....	.....	250,237.13	263,856.84	272,659.84	288,598.49	301,889.06	1,377,241.36	67,169.63	1,444,410.99
NET SURPLUS	\$2,225,808.64	\$2,664,642.14	\$4,316,182.65	\$2,682,986.65	\$5,520,815.54	\$7,479,643.92	\$4,107,271.14	\$3,024,534.10	\$3,305,861.98	\$4,772,645.67	\$4,772,645.67	\$5,917,890.69	\$5,917,890.69

<sup>1</sup> Including refund. See deduction.

<sup>2</sup> Excluding refunds.

<sup>3</sup> Including two millions of endowment of Mr. Carnegie's original gift.

<sup>4</sup> These amounts include the surplus brought forward in each case from the previous year but deducted from the final totals. Securities are reckoned at book value.

<sup>5</sup> Library and organ gifts listed here include only those given by the Carnegie Corporation and not those donated previous to 1911 by Mr. Carnegie personally.



## APPENDIX





## THE CHARTER OF INCORPORATION

AN ACT to incorporate Carnegie Corporation of New York. Became a law June 9, 1911, with the approval of the Governor. Passed, three-fifths being present.

*The People of the State of New York, represented in Senate and Assembly, do enact as follows:*

*Section 1.* Andrew Carnegie, Elihu Root, Henry S. Pritchett, William N. Frew, Robert S. Woodward, Charles L. Taylor, Robert A. Franks, James Bertram and their successors, are hereby constituted a body corporate by the name of Carnegie Corporation of New York, for the purpose of receiving and maintaining a fund or funds and applying the income thereof to promote the advancement and diffusion of knowledge and understanding among the people of the United States, by aiding technical schools, institutions of higher learning, libraries, scientific research, hero funds, useful publications, and by such other agencies and means as shall from time to time be found appropriate therefor.

*Section 2.* The corporation hereby formed shall have power to take and hold, by bequest, devise, gift, purchase or lease, either absolutely or in trust, for any of its purposes, any property, real or personal, without limitation, as to amount or value, except such limitation, if any, as the legislature shall hereafter impose, to convey such property, and to invest and reinvest any principal and deal with and expend the income of the corporation in such manner as in the judgment of the trustees will best promote its objects. It shall have all the power and be subject to all the restrictions which now pertain by law to membership corporations so far as the same are applicable thereto and are not inconsistent with the provisions of this act. The persons named in the first section of this act, or a majority of them, shall hold a meeting and organize the corporation and adopt a constitution and by-laws not inconsistent with the constitution and laws of this State. The constitution shall prescribe the qualifications of members, the number of members who shall constitute a quorum for the transaction of business at meetings of the corporation, the number of trustees by whom the business and affairs of the corporation shall be managed, the qualifications, powers, and the manner of selection of the trustees and officers of the corporation, and any other provisions for the management and disposition of the property and regulation of the affairs of the corporation which may be deemed expedient.

*Section 3.* This act shall take effect immediately.

## AMENDMENT

AN ACT to further prescribe the powers of the corporation created by chapter two hundred and ninety-seven of the laws of nineteen hundred and eleven under

the name of Carnegie Corporation of New York. Became a law April 23, 1917, with the approval of the Governor. Passed, three-fifths being present.

*The People of the State of New York, represented in Senate and Assembly, do enact as follows:*

*Section 1.* The corporation created by chapter two hundred and ninety-seven of the laws of nineteen hundred and eleven under the name of Carnegie Corporation of New York, is hereby empowered to hold and administer any funds given to it for use in Canada or the British colonies for the same purposes in Canada or the British colonies as those to which it is by law authorized to apply its funds in the United States.

*Section 2.* This act shall take effect immediately.



